

STATE BUDGET AND CONTROL BOARD

Meeting of Tuesday, June 14, 2011 -- 10:00 A. M.

Room 252, Edgar A. Brown Building

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STATE BUDGET AND CONTROL BOARD
MEETING OF June 14, 2011

REGULAR SESSION
ITEM NUMBER 1

AGENCY: State Treasurer's Office

SUBJECT: Unfunded Liability

At its meeting on May 2, 2011, the Budget and Control Board accepted the actuarial valuations for the South Carolina Retirement Systems prepared by Cavanaugh Macdonald Consulting, LLC, dated February 24, 2011, which valuations reflect the amortization period to liquidate the unfunded liability at 37.6 years, 32.8 years, 25.0 years, 16.0 years, and 22.0 years for the SCRS, PORS, GARS, JSRS, and SCNG systems, respectively. However, in accepting these valuations, the Board did not take action to maintain compliance with the 30-year maximum amortization period prescribed by the Governmental Accounting Standards Board (GASB). The credit rating agencies have expressed as a condition of maintaining its high credit rating, that the retirement plans show improvement in the funded ratio over time and continue making annual required contributions. Accordingly, the Board is asked to meet its fiduciary duties as trustee and stewardship to the taxpayer by taking action to maintain a 30-year amortization period as prescribed by GASB and continuing the policies of the board in support of this precedent; commit to policies that promote full funding of the annual required contribution; give deference to provisions of state law that require availability of funds to meet all normal and accrued liabilities on an actuarially sound actuarial basis; and through these actions, address the expressed concerns of the rating services that the State continue making its annual required contributions.

BOARD ACTION REQUESTED:

The Board, acting as Trustees of the South Carolina Retirement Systems, is asked to adopt the proposed increases in employer contributions beginning in July 2012, as recommended in the actuarial valuations received by the Board at its previous meeting.

ATTACHMENTS:

Agenda item worksheet; Treasurer's Letter dated May 27, 2011; State Treasurer's Position and Analysis; Credit rating reports

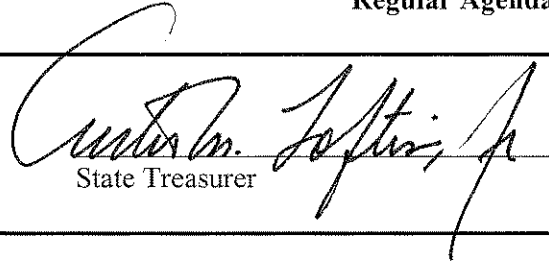
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Regular Agenda

1. Submitted by:

- (a) Agency: Office of State Treasurer
- (b) Authorized Official Signature:


State Treasurer

2. Subject: Unfunded Liability

3. Summary:

At its meeting on May 2, 2011, the Budget and Control Board accepted the actuarial valuations for the South Carolina Retirement Systems prepared by Cavanaugh Macdonald Consulting, LLC, dated February 24, 2011, which valuations reflect the amortization period to liquidate the unfunded liability at 37.6 years, 32.8 years, 25.0 years, 16.0 years, and 22.0 years for the SCRS, PORS, GARS, JSRS, and SCNG systems, respectively. However, in accepting these valuations, the Board did not take action to maintain compliance with the 30-year maximum amortization period prescribed by the Governmental Accounting Standards Board (GASB). The credit rating agencies have expressed as a condition of maintaining its high credit rating, that the retirement plans show improvement in the funded ratio over time and continue making annual required contributions. Accordingly, the Board is asked to meet its fiduciary duties as trustee and stewardship to the taxpayer by taking action to maintain a 30-year amortization period as prescribed by GASB and continuing the policies of the board in support of this precedent; commit to policies that promote full funding of the annual required contribution; give deference to provisions of state law that require availability of funds to meet all normal and accrued liabilities on an actuarially sound actuarial basis; and through these actions, address the expressed concerns of the rating services that the State continue making its annual required contributions.

Background Information:

See attached letter dated May 27, 2011 from State Treasurer Loftis and the accompanying analysis attached thereto.

4. What is Board asked to do?

The Board, acting as Trustees of the South Carolina Retirement Systems, is asked to adopt the proposed increases in employer contributions beginning in July, 2012 as recommended in the actuarial valuations received by the Board at its previous meeting.

5. What is recommendation of Board Division involved?

6. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Office Name: _____

Christopher M. Leffler Jr.
State Treasurer

7. Supporting Documents:

(a) List those attached:

1. Treasurer's Letter dated May 27, 2011.
2. State Treasurer's Position and Analysis.
3. Credit rating reports.

(b) List those not attached but available:

1. See also Title 9 of the Code of Laws.



THE HONORABLE CURTIS M. LOFTIS, JR.

State Treasurer

May 27, 2011

The Honorable Nikki Haley
Governor, State of South Carolina
The State House
Columbia, South Carolina

The Honorable Richard Eckstrom
Comptroller General
305 Wade Hampton Office Building
Columbia, South Carolina

The Honorable Hugh Leatherman
Chairman, Senate Finance
111 Gressette Building
Columbia, South Carolina

The Honorable Daniel Cooper
Chairman, Ways and Means Committee
525 Blatt Building
Columbia, South Carolina

Dear Mádam Chair and Fellow Members:

Since the last meeting of the Board, I have continued to give a good bit of thought to the need to address the Annual Recommended Contribution (ARC) to the Retirement Systems for Fiscal Year 2012-13 as recommended by the system actuary in its Annual Actuarial Valuation as of July 1, 2010.

There are several compelling and commonly understood reasons why the Board should act to adopt the funding recommendations and to recommend funding of the FY2012-13 ARC to the General Assembly:

- The Governmental Accounting Standards Board (GASB) prescribes a maximum a 30 year amortization period for unfunded pension liabilities. The State has

maintained compliance with this standard for years and should the Board not act on the actuarial report now, the amortization period would increase to 37.6 years.

- The State's independent auditors will most certainly note this deviation from the State's prior practices and GASB requirements as an audit finding.
- The national credit rating agencies are closely watching how the State manages its unfunded pension liabilities. They consider any level below 80% funded as suspect and have previously directly cautioned the State that its current 68% funded ratio is low by comparison to other states and expect improvement in the State's funded ratios. Fitch has singled out the State continuing to make its annual ARC as a written condition of maintaining the State's AAA rating. The rating agencies have previously included such observations in their rating reports and reiterated these observations and conditions directly to me last week when I met with each of them.
- It will enable the B&CB, as Trustees of the Retirement Systems, to continue to meet the requirements of the Constitution, State statutes and established policies which address the ARC and funding requirements to meet accrued liabilities on an actuarially sound basis.

Adopting the recommended increase in the ARC addresses these issues but does not require funding for a full year. Further, as we know, the B&CB has issued a RFP for a new actuary that will be charged with developing recommendations for the consideration of the B&CB and the General Assembly related to actuarial valuation, structural analysis of employee and employer (taxpayer) contributions relative to benefits provided, possible modifications in the nature of the Retirement Systems and a funding rate risk analysis. The selected actuary is to complete its assignment by August, 2011. The time between August, 2011, and the conclusion of the FY2012 Session of the General Assembly will afford all parties the time necessary to make informed decisions and act to properly fund those decisions.

The B&CB will certainly be able to reconsider its ARC recommendation based on the results of the new actuarial analysis and any decisions that follow.

I have enclosed a more detailed analysis of my review for your information.

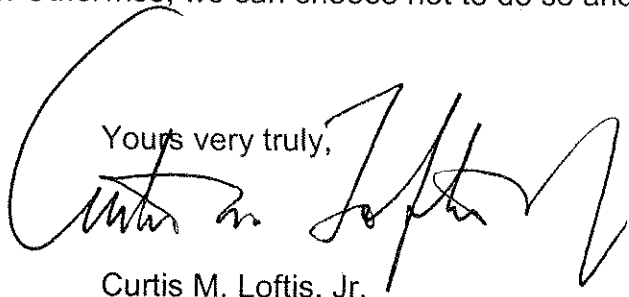
Madam Chair and Fellow Members

May 27, 2011

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We have an obligation as trustees to act now in a way that fully meets our responsibilities as trustees, limits the consequences of inaction and maintains flexibility to make further adjustments in the future. Otherwise, we can choose not to do so and accept the resulting consequences.

Yours very truly,

A handwritten signature in black ink, appearing to read "Curtis M. Loftis, Jr.", written over the closing "Yours very truly,".

Curtis M. Loftis, Jr.
State Treasurer

CMLjr/afw
Enclosure

State Treasurer's Position on Matters Concerning
The 2011 Actuarial Analyses and Their Impacts on
The Annual Required Contribution
May 27, 2011

The State Budget and Control Board received on May 2, 2011¹ the annual actuarial valuations performed by Cavanaugh Macdonald Consulting, LLC, dated February 24, 2011 (the CM valuation), and performed in accordance with the statutes requiring that actuarial valuations of the assets and liabilities be made annually for the SCRS and PORS, and every other year for the GARS, JSRS, and SCNG.² The CM valuation places the UAAL of the SCRS at \$13.4 billion, PORS at \$1.2 billion, GARS at \$25 million, JSRS at \$73 million, and SCNG at \$35 million. Significantly, absent an increase in the employer contribution to maintain a 30 year amortization, these valuations establish the amortization period to liquidate the unfunded liability at 37.6 years, 32.8 years, 25.0 years, 16.0 years, and 22.0 years for the SCRS, PORS, GARS, JSRS, and SCNG systems, respectively. The recommended increase in the employer contribution rate to maintain a 30 year amortization for the SCRS is 0.92% or \$89 million effective July 1, 2012, of which amount \$29.4 million would be borne by the general fund.³

Although the Board accepted the actuary's report and affirmed its commitment to maintaining a 30-year amortization period, in departure to long-established precedent, it declined to take action to increase the employer contribution for the subsequent fiscal year, influenced by the fact that the Executive Director of the State Budget and Control Board has issued a Request for Proposals for actuarial services that

1. requests recommendations related to, among others, an analysis of employer and employee contributions relative to benefits received;
2. requests certain RFP scenarios and recommendations for alternative benefit designs including modifications to defined benefit formulas, defined contribution plans that include defined benefit-like features;
3. requests valuation and analysis of the System's funding rate risk; and
4. requires the selected actuary to complete all work by August 31, 2011.⁴

While the findings of this study may impact the future provisions of the retirement systems, any recommendations from this valuation that would modify those provisions will result in the necessity of the legislature taking action at the earliest during its 2012 session, since the General Assembly must

1. make modifications to the statutory benefit provisions of the Retirement Systems;
2. appropriate the General Fund portion of the employer share of Retirement Systems contributions; and
3. establish the employee share of Retirements Systems contributions.⁵

Accordingly, deferring a decision to implement the recommended increase in the employer contribution to fully fund the annual required contribution and maintain compliance with the 30 year amortization

standard prescribed by GASB,⁶ and recognized and expected by the State's credit rating agencies,⁷ investors and other stakeholders, will only serve to delay the inevitable and create uncertainty about the Board's conviction to fulfill its statutory and fiduciary responsibilities.

The Budget and Control Board has an undeniable duty of stewardship to the taxpayer. As statutory trustee of the Retirement Systems, it has a fiduciary duty to the Systems' participants.⁸ While the actual liabilities of the Retirement Systems are not direct obligations of the general fund,⁹ deferral of annual required contributions increases taxpayer risk through accumulation, as has been clearly demonstrated in other jurisdictions.¹⁰

For that reason, as trustee of the Retirement Systems, as well as in the interest of the taxpayer, the Board is obligated at this time to take prudent and appropriate action to

1. adopt the actuary's recommendations for increasing employer contributions effective in July, 2012 by the amount necessary to maintain compliance with actuarially sound parameters, and particularly
 - a. maintaining a 30 year amortization period as prescribed by GASB, and continuing the policies of the board in support of this precedent;¹¹
 - b. committing to policies that promote full funding of the annual required contribution;
 - c. giving deference to provisions of state law that require availability of funds to meet all normal and accrued liabilities on an actuarially sound actuarial basis;¹² and through these actions

- d. addressing the expressed concerns of the rating services as a condition of maintaining its high credit rating, that the State continue making its annual required contributions.¹³

The Board certainly may reconsider this action upon receipt of any recommendations contained within the new actuarial report requested by the Executive Director in the event the results of that report deviate significantly from those contained within the actuarial report the Board has already received and accepted.

However, until such time as it becomes prudent and warranted through receipt of new information or by changes in circumstances, the Board's immediate responsibility is to fulfill its fiduciary obligations and demonstrate its continuing commitment to GASB and state law, and the retirees, employees, rating agencies and other stakeholders whose interests are dependent on the outcomes that will attend the Board's present action, or any lack thereof.

¹Board Action Requested: Accept as information the annual actuarial valuations and the recommendations contained therein submitted by the actuary of the South Carolina Retirement Systems and consider making recommendations on the funding of the Systems [Agenda Item 7A, State Budget and Control Board, Meeting of May 2, 2011]. Accepted as information the annual actuarial valuations as information and reconfirmed its strong commitment to its policy that the amortization periods for the Systems' actuarial unfunded accrued liability be constant or declining and not exceed thirty years [Summary of Board Actions May 6, 2011].

² SCRS: On the basis of regular interest and tables last adopted by the Board the actuary shall make an annual valuation of the contingent assets and liabilities of the System [9-1-260]. JSRS: On the basis of regular interest and tables last adopted by the Board, for purposes of actuarial valuations, the actuary shall make a valuation of the contingent assets and liabilities of the system at least every other year [9-8-30(5)]. GARS: On the basis of regular interest and tables last adopted by the Board, the actuary shall make a valuation of the contingent assets and liabilities of the system at least every other year [9-9-30(5)]. SCNG: On the basis of regular interest and tables last adopted by the board, the actuary shall make a valuation of the contingent assets and liabilities of the system at least every other year [9-10-20(G)]. PORS: On the basis of regular interest and tables last adopted by the Board the actuary shall make an annual valuation of the contingent assets and liabilities of the System. [9-11-30(6)].

³ Cavanaugh Macdonald Annual Actuarial Valuations as of July 1, 2010, dated February 24, 2011.

⁴ Request for Proposals dated April 19, 2011.

⁵ The rates of the deductions, without regard to a member's coverage under the Social Security Act, must be the percentage of earnable compensation as provided in the ... schedule [prescribed by Section 9-1-1020]. [9-1-1020].

⁶ For a term of not more than ten years from the effective date of this Statement, the maximum acceptable amortization period for the total unfunded actuarial liability is 40 years. After that ten-year term, the maximum acceptable amortization period is 30 years [GASB Statement 25.36(f)(1), effective November, 1994].

⁷ "Pension liabilities have increased significantly, although the state has a demonstrated commitment to funding its annual actuarial required contribution to pensions." Key rating drivers include "Continued commitment to making annual required pension contributions and ensuring the adequacy of pension funding over time." "The funding level of the state employee retirement system was 68% as of the July 1, 2009 valuation. Although the state's unfunded liability has increased significantly in the last 10 years, South Carolina has consistently funded its actuarial required contributions." [Fitch Ratings report dated February 7, 2011]; Credit weaknesses: "Comparatively large unfunded liabilities for retiree health and pension benefits." "PENSION AND RETIREE HEALTH LIABILITIES REPRESENT POTENTIAL CHALLENGE: Based on the most recent valuation, the state's retirement systems' assets to liabilities (or "funded") ratios are low. On a combined basis, the plans were about 69% funded as of July 1, 2009. Legislation

enacted in 2008, which included limits on cost-of-living adjustments, may have a positive impact on the system's funded ratio over the long term. The state in 2008 also increased its assumed rate of return to 8% from 7.25%. Any subsequent reduction in the assumed rate of return would increase the pensions' actuarially determined liabilities." [Moody's report dated February 4, 2011]; "The state typically fully funds its annual required contribution (ARC) for all systems. In our view, unfunded state pension liabilities per capita are a below-average \$2,889 and pension liabilities to personal income are weak at 9%." [Standard & Poors report dated February 3, 2011].

⁸ The general administration and responsibility for the proper operation of the System and for making effective the provisions hereof are hereby vested in the State Budget and Control Board [9-1-210]. The board is the trustee of the retirement system as "retirement system" is defined in Section 9-16-10(8) [9-1-1310(A)]. "Retirement system" means the South Carolina Retirement System, Retirement System for Judges and Solicitors, Retirement System for Members of the General Assembly, National Guard Retirement System, and Police Officers Retirement System established pursuant to Chapters 1, 8, 9, 10 and 11 of this title [9-16-10(8)]. "Trustee" means the State Budget and Control Board [9-16-10(9)]. A trustee, commission member, or other fiduciary shall discharge duties with respect to a retirement system: (1) solely in the interest of the retirement systems, participants, and beneficiaries; (2) for the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the system; (3) with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose; (4) impartially, taking into account any differing interests of participants and beneficiaries; (5) incurring only costs that are appropriate and reasonable; and (6) in accordance with a good faith interpretation of this chapter [9-16-40].

⁹ All agreements or contracts with members of the System pursuant to any of the provisions of this chapter shall be deemed solely obligations of the Retirement System and the full faith and credit of this State and of its departments, institutions and political subdivisions and of any other employer is not, and shall not be, pledged or obligated beyond the amounts which may be hereafter annually appropriated by such employers in the annual appropriations act, county appropriation acts and other periodic appropriations for the purposes of this chapter. In case of termination of the System, or in the event of discontinuance of contributions thereunder, the rights of all members of the System to benefits accrued to the date of such termination or discontinuance of contributions, to the extent then funded, are nonforfeitable [9-1-1690].

¹⁰ In August, 2010, the Securities and Exchange Commission charged the State of New Jersey with securities fraud for misrepresenting and failing to disclose to investors in billions of dollars worth of municipal bond offerings that it was underfunding the state's two largest pension plans. The offering documents for these securities created the false impression that the pension plans were being adequately funded, masking the fact that New Jersey was unable to make contributions to the plans without raising taxes, cutting other services or otherwise affecting its budget. As a result, investors were not provided adequate information to evaluate the state's ability to fund the pensions or assess their impact on the state's financial condition [SEC

Charges State of New Jersey for Fraudulent Municipal Bond Offerings, retrieved May 20, 2011 at <http://www.sec.gov/news/press/2010/2010-152.htm>].

¹¹ See Note 6.

¹² The General Assembly shall annually appropriate funds and prescribe member contributions for any state operated retirement system which will insure the availability of funds to meet all normal and accrued liability of the system on a sound actuarial basis as determined by the governing body of the system [Article X, Section 16]. There shall be paid to the System and credited to the employer annuity accumulation fund contributions by the employers in an amount equal to a certain percentage of the earnable compensation of each member employed by each employer to be known as the "normal contribution" and an additional amount equal to a percentage of such earnable compensation to be known as the "accrued liability contribution." The rate per cent of such contributions shall be fixed on the basis of the liabilities of the system as shown by actuarial valuation [9-1-1050(3)].

¹³ See Note 7.

FitchRatings

FITCH RATES SOUTH CAROLINA'S \$469MM GOS 'AAA'; OUTLOOK STABLE

Fitch Ratings-New York-07 February 2011: Fitch Ratings assigns an 'AAA' rating to approximately \$469 million of State of South Carolina general obligation (GO) bonds, consisting of:

- \$197,235,000 GO state school facilities refunding bonds, series 2011A;
- \$126,295,000 GO state capital improvement refunding bonds, series 2011A;
- \$19,225,000 GO state institution refunding bonds (issued on behalf of the University of South Carolina), series 2011A;
- \$66,225,000 GO state institution bonds (issued on behalf of Clemson University), series 2011B;
- \$15,000,000 GO state institution bonds (issued on behalf of Midlands Technical College), series 2011C;
- \$18,950,000 GO state institution bonds (issued on behalf of the Medical University of South Carolina), series 2011D;
- \$26,000,000 GO state institution bonds (issued on behalf of the University of South Carolina), series 2011E.

In addition, Fitch affirms the following ratings:

- Approximately \$2.2 billion in outstanding GO bonds at 'AAA';
- Approximately \$15.4 million in outstanding lease revenue bonds issued by the South Carolina Budget and Control Board at 'AA+'.

The Rating Outlook is Stable.

RATING RATIONALE:

- South Carolina has a proven ability and willingness to support fiscal balance (generally through spending cuts), with a budget and control board providing centralized and autonomous fiscal oversight. Already solid budgeting controls and reserve funding policies have been strengthened in recent years.
- The state's large manufacturing sector quickly reflects changing economic conditions. Unemployment is consistently above national levels and wealth levels are low.
- Debt levels are in the moderate range, having increased in the last decade due to transportation infrastructure bank issuance, which now represents almost half of net tax-supported debt. Pension liabilities have increased significantly, although the state has a demonstrated commitment to funding its annual actuarial required contribution to pensions.

KEY RATING DRIVERS:

- Success in developing sustainable budget solutions and maintaining the state's reserve funds.
- Continued commitment to making annual required pension contributions and ensuring the adequacy of pension funding over time.

SECURITY:

The bonds are GOs of the state, secured by a pledge of South Carolina's full faith, credit, and taxing power. By statute, state institution bonds are also secured by tuition fees received by the university.

CREDIT SUMMARY:

South Carolina's 'AAA' rating rests on the state's proven ability and willingness to support fiscal balance. The state's centralized and autonomous budget and control board (BCB) is mandated to take prompt corrective action to maintain balanced operations, and constitutional reserve requirements benefit from established replenishment provisions. Debt levels remain moderate and amortization of GO bonds is rapid. The state's large manufacturing sector, which quickly reflects changing economic conditions, remains a vulnerability. Unemployment is high and wealth levels

remain low, although the state's recent economic performance is significantly improved from the downturn.

Weak revenue results in the downturn, reflecting both underlying economic factors and the impact of tax cuts, resulted in large reductions in revenue estimates that the state responded quickly to with large budget cuts. More recent results have been stronger, and the state increased its revenue forecast for the current fiscal year in November 2010. The Stable Outlook is based on Fitch's expectation that the state will demonstrate a continued commitment to budget balancing actions as it addresses a general fund budget gap estimated at \$877 million (about 15% of revenues) for fiscal 2012, which begins July 1.

South's Carolina strong budgeting and reserve funding practices were both recently augmented. In November 2010, voters approved amendments to the state constitution that increase the funding of the general reserve fund from 3% to 5% of state general fund revenue and change the first priority of the capital reserve fund, which is funded at 2% of general fund revenue, to replenishing the general reserve fund; the capital reserve formerly was drawn down before any midyear budget cuts in the event of revenue shortfalls. In addition, pursuant to 2010 legislation the BCB is now required to take action to avoid a deficit within seven days if quarterly revenue collections are 2% or more below projections; before this change, the threshold for action was 4% and the period to address the shortfall was 15 days.

South Carolina's economy and revenues weakened significantly in the downturn. Fiscal 2009 general fund revenues were 12.5% below the prior year and well below budget estimates, with sales tax revenue down 8.7% and individual income tax revenue down 15.5%. Similar to prior downturns, budget gaps that emerged following the revenue estimate revisions were closed through steep spending cuts (targeted and across-the-board) as well as use of monies in the constitutional capital reserve. However, with revenues underperforming even downwardly revised estimates, fiscal 2009 closed with a \$98.2 million budgetary deficit in the general fund, even after use of \$133 million from the capital reserve fund and \$108 million from the general reserve fund. Underperformance of the sales tax also resulted in the need for additional general fund monies to cover school funding commitments that were expected to be fully funded by a 1% statewide sales tax enacted as part of the state's 2006 property tax reform.

Fiscal 2010 revenues fell short of budget estimates again, although by a lesser degree than in fiscal 2009, and the state again responded with use of the capital reserve and across-the-board spending cuts. Inclusive of funding the fiscal 2009 deficit, fiscal 2010 ended with a \$71 million budgetary surplus. General fund revenues were down 5.3% year-over-year, with the sales tax down 2.6% and the individual income tax 5%.

Revenues have shown improvement in fiscal 2011, and the revenue estimate for the year was increased by \$230 million in November 2010, to \$5.8 billion. Fiscal 2011 general fund revenues are now projected up 1.5% over fiscal 2010, with sales tax revenues up 1.5% and individual income tax revenues rising 1.7%. Revenues through December 2010 are slightly ahead of this forecast. It appears likely that the additional revenues compared to budget forecasts will be applied to shortfalls in social service appropriations.

The state maintains a multi-year general fund financial outlook that currently projects resources and expenditures through fiscal 2014. The general fund gap to be addressed with the fiscal 2012 budget is estimated at \$877 million, largely reflecting the absence of \$837 million in federal stimulus funds that support the budget in fiscal 2011. General fund revenue is projected to grow 1% in fiscal 2012. The new governor has not presented a proposed budget for fiscal 2012.

As in prior downturns, the state's economy performed worse than that of the nation in the recent downturn. After exceeding national growth rates from 2004 through 2007, the state's nonfarm employment dropped year-over-year in every month since June 2008 through April 2010. The state's nonfarm employment for 2009 was down 5.5% from 2008, compared to the national decline of 4.3%. However, performance has improved in recent months, with December 2010 employment up 0.9% over December 2009. The unemployment rate, which reached a historical peak of 12.5% in January 2010, was down to 10.7%, 114% of the U.S. rate, in December. South Carolina's wealth

levels are below average, with personal income per capita in 2009 ranking 45th among the states at 82% of the U.S., although personal income growth performance in South Carolina has been better than that of the U.S. and the region.

State tax-supported debt, which increased notably earlier in the last decade due to transportation infrastructure bank issuance, has since leveled off. The debt burden remains in the moderate range; including the current bonds, net tax supported debt of \$4.6 billion equals 3.1% of 2009 personal income. Debt of the transportation infrastructure bank, created in 1997, now accounts for almost half of the state's net tax-supported debt. The funding level of the state employee retirement system was 68% as of the July 1, 2009 valuation. Although the state's unfunded liability has increased significantly in the last 10 years, South Carolina has consistently funded its actuarial required contributions.

Contact:

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Additional information is available at 'www.fitchratings.com'.

In addition to the sources of information identified in Fitch's report 'Tax-Supported Rating Criteria', this action was additionally informed by information from IHS Global Insight.

Applicable Criteria and Related Research:

--'Tax-Supported Rating Criteria', dated Aug. 16, 2010;

--'U.S. State Government Tax-Supported Rating Criteria', dated Oct. 8, 2010.

Applicable Criteria and Related Research:

Tax-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=548605

U.S. State Government Tax-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=564546

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INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.



New Issue: MOODY'S ASSIGNS Aaa RATINGS TO SOUTH CAROLINA'S PLANNED \$469 MILLION OF 2011 GENERAL OBLIGATION BONDS

Global Credit Research - 04 Feb 2011

STABLE OUTLOOK APPLIES TO CURRENT OFFERINGS AND TO \$2.2 BILLION OF OUTSTANDING GENERAL OBLIGATION DEBT

State
SC

**Moody's Rating
ISSUE**

RATING

General Obligation State School Facilities Refunding Bonds, Series 2011A	Aaa
Sale Amount	\$197,235,000
Expected Sale Date	02/09/11
Rating Description	General Obligation
General Obligation State Capital Improvement Refunding Bonds, Series 2011A	Aaa
Sale Amount	\$126,295,000
Expected Sale Date	02/09/11
Rating Description	General Obligation
General Obligation State Institution Refunding Bonds (Issued on Behalf of the University of South Carolina), Series 2011A	Aaa
Sale Amount	\$19,255,000
Expected Sale Date	02/09/11
Rating Description	General Obligation
General Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2011B	Aaa
Sale Amount	\$66,225,000
Expected Sale Date	02/10/11
Rating Description	General Obligation
General Obligation State Institution Bonds (Issued on Behalf of Midlands Technical College), Series 2011C	Aaa
Sale Amount	\$15,000,000
Expected Sale Date	02/10/11
Rating Description	General Obligation
General Obligation State Institution Bonds (Issued on Behalf of the Medical University of South Carolina), Series 2011D	Aaa
Sale Amount	\$18,950,000
Expected Sale Date	02/10/11
Rating Description	General Obligation
General Obligation State Institution Bonds (Issued on Behalf of the University of South Carolina), Series 2011E	Aaa
Sale Amount	\$26,000,000
Expected Sale Date	02/10/11
Rating Description	General Obligation

Opinion

NEW YORK, Feb 4, 2011 -- Moody's Investors Service has assigned Aaa ratings to the State of South Carolina's planned \$469 million of general obligation bonds in seven series as listed above. A stable outlook applies to the new issues and approximately \$2.2 billion of outstanding general obligation (G.O.) bonds. Proceeds of the four new-money bonds, which are expected to be sold on February 10, will fund infrastructure work at state institutions of higher learning. The Series 2011B bonds will help finance various projects at Clemson University, including construction of a life sciences building and renovation of an architecture building. The Series 2011C bonds will help pay for construction of a 68,000 square-foot engineering and science building at Midlands Technical College. The Series 2011D bonds will fund renovations at the Medical University of South Carolina. The Series 2011E bonds will help pay for construction of a business school and renovation of various facilities at the University of South Carolina. The final maturity for all four issues will be March 1, 2031. The three refunding series, which are expected to be priced on February 9, will generate debt-service savings of 6% to 8%, depending on market conditions. For the two state capital G.O. refunding issues, savings are estimated at 6% of the prior debt. For the University of South Carolina-related G.O. refunding, the net present value of saving is estimated at 8.3%.

RATING RATIONALE

The bonds are secured by the state's pledge of full faith, credit and taxing power. South Carolina continues to exercise conservative financial practices that have long been the key to its Aaa rating. The state retains economic challenges (such as high poverty, low educational attainment, and non-durable goods manufacturing exposure), but its conservative legal framework and policies are encouraging recovery in its general fund balance, and the state's economic development efforts, over time, should support continued economic diversification. The state has recently strengthened both its financial reserve requirements and its budgetary monitoring requirements, and increased its cigarette tax to help cover Medicaid costs. These measures improve the state's prospects for stable operations in coming years, and underscore its conservative financial management approach.

Credit strengths:

- Recently strengthened requirements to fund budget reserves
- Financial management practices including multi-year budget planning and close revenue monitoring; rapid response to shortfalls
- Statutory limits on supplemental spending, increasing likelihood of year-end surpluses
- Low cost of doing business that has attracted manufacturing investment

Credit challenges:

- Expected long-term growth in Medicaid costs
- Comparatively large unfunded liabilities for retiree health and pension benefits
- Weak per-capita personal income levels relative to the nation, reflecting elevated poverty and unemployment

Detailed Credit Discussion:

AVAILABLE FUND BALANCE RETURNED TO POSITIVE POSITION IN FISCAL 2010

Audited financial statements for the fiscal year that ended June 30, 2010, show that the state's available fund balance returned to a positive position, after a negative GAAP-based position was reported for the prior year. The state partially rebuilt its rainy day fund to achieve an available general fund balance of \$74.6 million. The prior-year negative position was \$126 million, or about 2% of operating fund revenues, caused by the recession's impact on tax revenues, leading to depletion of financial reserves. In fiscal years 2008 and 2009, the state used reserve fund balances - in conjunction with spending cuts -- to manage revenue shortfalls. The state drew \$91.7 million from its primary rainy day fund, the General Reserve Fund (GRF), in 2008, followed by another \$108 million in fiscal 2009. Funds can only be withdrawn from the GRF for the purposes of covering operating deficits. After draws from the GRF, the constitution requires restoration to the 3% level within three years. The reserve fund replenishment the state began in fiscal 2010, and which has continued in fiscal 2011, underscores the state's conservative management. South Carolina had approximately \$111 million in its GRF by June 30, 2010. This balance, however, was less than the fully funded amount as defined in the state constitution -- 3% of prior-year budgetary general fund revenues (or \$172 million). The state has subsequently restored the GRF to the 3% level, bringing the current balance to \$166 million.

RESERVE REQUIREMENT CHANGES REDUCE LIKELIHOOD OF FUTURE NEGATIVE GENERAL FUND BALANCES

In November, voters approved a measure increasing the GRF requirement over four years, to 5% of prior-year general fund revenues. In addition, voters approved a measure to change the state's use of its Capital Reserve Fund (CRF), which is funded at 2% of prior-year general fund revenues. The CRF previously was drawn on to address fiscal year-end deficits prior to implementation of any operating appropriation reductions. As a result, the CRF tended to function as an appropriation buffer that could be depleted by fiscal year-end in the event of declining revenues. The CRF also is available for capital expenditures after the close of a fiscal year. Under the amending provisions, the CRF will be funded through the end of a fiscal year, unless drawn on to replenish the GRF. Together, these amendments effectively establish a combined 7% reserve requirement for the state that greatly reduces the odds of future negative, GAAP-basis available fund balances.

REPLACING FEDERAL STIMULUS FUNDS WILL BE STATE'S MAIN CHALLENGE IN FISCAL 2012

South Carolina faces an estimated fiscal 2012 general fund budget gap of \$877 million, or about 16% of projected general fund resources. The forecast is based on a low growth assumption of about 1%, which is slower than the 3.5% tax revenue growth South Carolina is currently experiencing. The state's largest challenge in the coming fiscal year is offsetting the loss of additional federal revenues received under the American Recovery and Reinvestment Act of 2009. The state's 2011 budget includes \$346 million of stabilization ARRA funding (for K-12 and other purposes) and \$491 million of enhanced Medicaid match payments, both of which will not recur in the new fiscal year. The state projects that it will need to increase funding by \$174.4 million in K-12 to offset the ARRA funding loss, and by \$171.7 million in higher education and other government services. The Medicaid expenditure impact of replacing ARRA is projected at \$371 million. In sum, these spending increases are \$716 million, or four fifths of the projected deficit. The state has dramatically reduced general fund spending, by about 28%, in the past three years, in response to the 2007-2009 recession. Governor Mark Sanford, shortly before leaving office, proposed a fiscal 2012 plan that, among other things, would impose a cap on spending growth (at the combined rate of population growth and inflation). The governor advocated restructuring taxes by eliminating loopholes and lowering rates overall and achieving various cost efficiencies.

CIGARETTE TAX INCREASE WILL HELP ABSORB SOME MEDICAID COST GROWTH

The state in 2010 raised its tax on cigarette packages by 50 cents, to an effective 57 cents per package. The increase is expected to generate about \$129 million in fiscal 2012. Tobacco-related cancer research and smoking cessation programs each will receive \$5 million. The remainder is dedicated to the state's new Medicaid Reserve Fund, which must be used only for restoration and maintenance of effort of the state's Medicaid program (rather than to expand it). In fiscal 2012, the amount of Medicaid cost growth not covered by these dedicated cigarette tax receipts is estimated at \$15.1 million, with an assumed 10% annual growth rate. The uncovered incremental cost portion is expected to rise in fiscal 2013 to \$165 million. The state further expects that in 2014 the federal Affordable Care Act will add \$111.8 million to its Medicaid burden. The total net funding increase projected for 2014 -- \$442 million -- also includes \$277 million to meet federal Maintenance of Effort requirements.

LABOR MARKET INDICATES ECONOMIC PERFORMANCE IN LINE WITH NATION

Based on labor market indicators, South Carolina's economy appears to be performing in line with nation after a period of underperformance. Although the state's unemployment rate remains somewhat elevated, its non-farm payrolls employment was flat last year, slightly better than the nation's 0.5% decline. The state's preliminary figure for 2010, 1.82 million, is 2% less than the level reported for 2000. Total non-farm employment in South Carolina grew by about 2% in 2005 through 2007, then fell 0.9% in 2008 and 5.5% in 2009. The loss of goods-producing jobs was a significant factor in this period. Non-durable goods industries, such as textiles, have accounted for large portions, but the state has long focused on attracting durable goods manufacturers -- such as Boeing (A2/negative), Michelin (Baa2/positive) and BMW (A3/stable) -- in an effort to balance these declines and diversify its economy. Factors such as a low cost of business may propel the state to economic performance at least in line with national trends and help to improve personal income levels in coming years.

DEBT BURDEN CLOSE TO NATIONAL MEDIAN LEVEL, REFLECTING CONSTITUTIONAL LIMIT

Moody's 2010 State Debt Medians Report shows state debt ratios close to national medians, with net tax-supported debt at 2.9% of personal income and \$917 per capita, versus national medians of 2.5% and \$936, respectively, for these ratios. The state's debt burden ranked solidly below median levels before 2008, when bonds of the South Carolina Transportation Infrastructure Bank - which previously had only factored into the state's gross debt - were added to its net tax-supported debt burden. The bank's bonds are secured by revenues such as truck and motor vehicle registration fees. South Carolina's debt burden remains moderate because of constitutional and statutory restrictions on borrowing. Maximum annual debt service for all outstanding general obligation debt, excluding State Highway Bonds and State Institution Bonds Tax and Bond Anticipation Notes, is limited to 5% of general revenues. In 2002, the state legislature increased the limit to 5.5% to accommodate issuance for economic development projects, with eligible projects required to create new employment. An additional increase of 0.5% was later passed for bonds issued under the Research University Infrastructure Act.

PENSION AND RETIREE HEALTH LIABILITIES REPRESENT POTENTIAL CHALLENGE

Based on the most recent valuation, the state's retirement systems' assets to liabilities (or "funded") ratios are low. On a combined basis, the plans were about 69% funded as of July 1, 2009. Legislation enacted in 2008, which included limits on cost-of-living adjustments, may have a positive impact on the system's funded ratio over the long term. The state in 2008 also increased its assumed rate of return to 8% from 7.25%. Any subsequent reduction in the assumed rate of return would increase the pensions' actuarially determined liabilities. The state notes that in its largest plan, the South Carolina Retirement System, only about a third of the unfunded liability corresponds to state employees.

The state's other post-employment benefits (or OPEB, primarily health care) are also significant, with a \$9.2 billion unfunded actuarial accrued liability. The actuarially determined annual required contribution (ARC) for these benefits for fiscal 2010 was \$785.3 million, of which the state actually contributed 38%. Legislation passed in 2008 created a trust to provide for these benefits and impose eligibility standards on new employees, but the state has not appropriated significant amounts relative to its ARC. The state also has separate liabilities, and a separate fund, for long term disability benefits. The ARC for these benefits in 2010 was \$9.59 million, of which the state contributed 71%.

STATE'S CONSERVATIVE FISCAL LAWS HELP MAINTAIN SOUND OPERATIONS

Conservative financial practices, including legally defined procedures to assure timely budget adjustment, have enabled South Carolina to maintain sound financial operations. The state's Board of Economic Advisors (BEA) provides quarterly revenue estimates to the Budget and Control Board, which must take immediate action to avoid year-end deficits if, at the end of the first, second or third quarter of any fiscal year, collections fall short of projections by 2% or more. These provisions were strengthened by legislation enacted in 2010. Previously, the trigger for action was a 4% shortfall, and the provisions only applied after the first and second quarters of each fiscal year. In 2005, the state established a formal expenditure forecasting process. Entities receiving 1% or more of the state's General Fund appropriations must now provide expenditure estimates for the next three fiscal years. These data are combined with the BEA long-term revenue estimate to form a three-year financial plan, compiled by the State Budget Office. Annual plan updates must be submitted to the State Budget and Control Board and to the legislature. The law establishing this process also included a provision earmarking the first 10% of General Fund surplus revenues for the restoration of funds previously borrowed from accounts outside the General Fund.

Outlook

The rating outlook for the State of South Carolina's general obligation bonds is stable. While the state has faced significant financial stress from the recent recession, Moody's expects South Carolina's conservative financial management will maintain fiscal stability even in the face of ongoing economic weakness.

What could change the rating - DOWN

- Change in management practices to a less conservative stance
- Trend of negative General Fund GAAP-basis available fund balances
- Depletion of reserves
- Reliance on one-time budget measures leading to significant structural budget imbalance
- Failure to recover economically with the nation
- Lack of fiscal plan to maintain budget balance when federal fiscal stimulus funding is no longer available
- Narrowing liquidity
- Increasing debt burden

The principal methodology used in this rating was Moody's State Rating Methodology published in November 2004.

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February 3, 2011

South Carolina; General Obligation

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Credit Profile

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Long Term Rating	AA+/Stable	New
US\$126.295 mil GO st cap imp rfdg bnds ser 2011A dtd 03/01/2011 due 03/01/2018		
Long Term Rating	AA+/Stable	New
US\$66.225 mil GO st institution bnds (Clemson Univ) ser 2011B dtd 03/01/2011 due 03/01/2031		
Long Term Rating	AA+/Stable	New
US\$26. mil GO st institution bnds (Univ Of South Carolina) ser 2011E dtd 03/01/2011 due 03/01/2031		
Long Term Rating	AA+/Stable	New
US\$19.225 mil GO st institution rfdg bnds (Univ Of South Carolina) ser 2011A dtd 03/01/2011 due 03/01/2021		
Long Term Rating	AA+/Stable	New
US\$18.95 mil GO st institution bnds (Medical Univ Of South Carolina) ser 2011D dtd 03/01/2011 due 03/01/2031		
Long Term Rating	AA+/Stable	New
US\$15. mil GO st institution bnds (Mildlands Tech Coll) ser 2011C dtd 03/01/2011 due 03/01/2031		
Long Term Rating	AA+/Stable	New

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating, and stable outlook, to South Carolina's series 2011A general obligation (GO) state institution refunding bonds, state school facilities refunding bonds, and state capital improvement refunding bonds; and series 2011B-E GO state institution bonds.

At the same time, Standard & Poor's affirmed its 'AA+' long-term rating, with a stable outlook, on the state's parity debt outstanding.

The ratings reflect what we view as:

- An economy that, while fundamentally sound, is similar to the rest of the nation struggling through a deep, prolonged recession;
- Proactive actions that have had to be continually adjusted to declining revenues; and
- Low debt levels.

South Carolina's economy continues to be affected by the national recession. From 2008 to 2009, the state experienced a decline of 4.3% in total nonagricultural employment. Sectors hard hit were manufacturing, where employment declined 12.1%, and construction employment, which declined 18.8%. South Carolina's employment base has historically been more concentrated in manufacturing than the nation as a whole; however, employment does continue to diversify away from manufacturing. From 2004- 2009, the percent of employment in the manufacturing sector declined to 22.9% from 28.9%. The state's unemployment rates continue to trend higher than the nation, increasing to 12.3% in 2009 from 8.7% in 2008. While employment levels in the state have declined in the past several years, South Carolina's total labor force increased at a higher rate of growth between 2004 and 2009 than the U.S. average, thereby putting pressure on the unemployment rate. The state's total labor force

increased 6.6% from 2004-2009, compared with 3.9% growth in this period for the U.S.

IHS Global Insight Inc.'s recent forecasts (December 2010) are that 2010 employment will be stable at 2009 levels and begin to rise modestly in 2011 at 1.1%, with increased growth of 2.4% and 2.6%, respectively, in 2012 and 2013. The September 2010 unemployment rate of 11.5%, though a decline from 2009 levels, remains above the state unemployment rate of 9.7%

After South Carolina's fiscal 2010 budget was passed, the Board of Economic Advisors (BEA) lowered its original revenue estimate four times, most recently in April 2010. These reductions resulted in the original estimate of \$6.07 billion declining to \$5.56 billion, or 8.4%. As it has done in the past, the state reacted to each revision by reducing the capital reserve fund, or making across-the-board reductions of general fund appropriations for all agencies except those exempt by law, or both. In total, South Carolina used all of the \$127.8 million appropriated to the capital reserve fund. It also has had two across-the-board spending reductions of 4.04% in July 2009 and 5.00% in November 2009. With these actions, it closed fiscal 2010 with a \$216.1 million budgetary general fund surplus. Of that amount, \$98.2 million was used to avoid a year-end deficit in fiscal 2010 that arose because of the deficiency in the fiscal 2009 general fund, and \$46.9 million was transferred to the state's general reserve fund. As such, South Carolina closed fiscal 2010 with a budgetary balance of \$71 million and a general reserve fund of \$110.8 million, 2% of general fund revenues (full funding would be \$166.3 million or 3%). On a combined basis, these reserves totaled \$181.8 million or 3.2% of revenues on a budgetary basis. On an audited basis, the state closed fiscal 2010 with a total general fund balance of \$148.4 million inclusive of the general fund reserve. This is up from a total balance of \$105 million in fiscal 2009.

Based on revised revenue estimates by the BEA in November 2010, fiscal 2011 general fund revenues were raised by \$229.6 million, a 4.1% increase from its original estimate at the time of budget passage. Total state revenues are now projected to be \$5.8 million, a 1.5% increase from fiscal 2010. This is a marked improvement, in our opinion, from the two previous fiscal years where the state sustained revenue declines of 5.3% in fiscal 2010 and 12.5% in fiscal 2009. Spending levels were maintained at originally budgeted levels; however, expected agency deficits in the area of Medicaid and other health agencies might require spending to rise by \$262.4 million. As a result, if spending does increase, the state is now projecting an ending general fund budgetary balance of \$82.3 million and a fully funded general reserve funds balance of \$166.3 million or 3% of revenues.

South Carolina still faces the challenge of bringing future budgets into structural balance; however, in Standard & Poor's view, the strong fiscal leadership the state has demonstrated in economic and revenue weakness will allow for such an event to occur and will aid in restoring balances to desired levels.

The state's GO debt supported by taxes totals about \$2.2 billion, approximately the same level recorded at the close of fiscal 2005. In our view, the tax-supported debt burden is low by all measures at \$489 per capita and 1.6% of personal income. Overall tax-supported debt is amortized rapidly, with about 80% of principal retired in the next 10 years. In our view, the state's liquidity position is stable, and no short-term borrowing for general fund cash flow has been required.

Standard & Poor's deems South Carolina's financial management practices "good" under its Financial Management Assessment (FMA) methodology, which is designed to measure the policies and procedures used by the state's management as it oversees day-to-day operations. In our framework, an FMA of good indicates that practices exist in most areas, although not all might be formalized or regularly monitored by governance officials.

Based on the analytical factors we evaluate for South Carolina, on a scale of '1' as the strongest to '4' as the weakest, we have assigned a composite score of '1.7'.

Outlook

The stable outlook reflects what we consider South Carolina's proactive management, which has contributed to improved financial performance in recent years. While the recession is affecting the state's economy, which is experiencing high unemployment and lower revenues, we believe South Carolina has been actively making the necessary budget adjustments to maintain balance. We also view the state's adopted long-term financial planning and forecasting strategies and low debt levels positively.

Government Framework

South Carolina's constitution requires the state to approve balanced budgets each fiscal year and that its budgets remain in balance. To help manage its budget and maintain adequate fund balances despite revenue drops, the State Budget and Control Board as well as the director of the Office of State Budget are empowered by statute to adjust spending as needed within a short period of any reduction in revenues the BEA projects. Such adjustments might only be made after first providing adequate provision for the payment of the principal and interest on bonds and notes of the state according to their terms. South Carolina has considerable revenue-raising ability and can raise its income and sales tax rates and approve new revenues without the need for voter approval or supermajority votes in the legislature. It also has a fair amount of budgetary flexibility with regard to its expenditures. When needed, it has adjusted agency spending including high need agencies such as prisons, Medicaid, and public education. Education aid is South Carolina's largest expenditure item, and accounts for about 38% of general fund expenditures in 2011.

Standard & Poor's has assigned a score of '1.0' out of '4.0' to South Carolina's government framework, where '1.0' is the strongest score and '4.0' the weakest.

Financial Management Assessment: 'Good'

Standard & Poor's deems South Carolina's financial management practices "good" under its Financial Management Assessment (FMA) methodology, which is designed to measure the policies and procedures used by the state's management as it oversees day-to-day operations. In our framework, an FMA of good indicates that practices exist in most areas, although not all might be formalized or regularly monitored by governance officials.

Management's practices include:

- Revenue assumptions done by an independent forecast through BEA.
- Supplemental appropriations, which may only be done after Sept. 1; the comptroller general determines upon closing the state's books that there is no generally accepted accounting principles (GAAP) deficit.
- The general assembly is required to present a balanced budget, which is updated quarterly. The state has a history of making midyear adjustments, and reducing appropriations in times of recession.

South Carolina has a formal three-year financial forecast such that for each agency, department, institution, or entity receiving in aggregate more than 1% of the state's general fund appropriation, that entity will present a three-year forecast to the Office of State Budget. This data, in conjunction with the BEA's long-term revenue

estimate, must be updated annually and presented to the State Budget and Control Board, the speaker of the house of representatives, and the president pro tempore of the senate in the second quarter of each fiscal year. The BEA prepares a 10-year revenue forecast that is updated annually.

The state has a five-year capital improvement plan. The first year has funding in place while the projects for years two to five are identified, and funding is anticipated, or will be requested from the general assembly.

South Carolina has a well-defined investment policy. There is biweekly review of general fund assets and other nonretirement state funds, while retirement assets are reported quarterly to the State Budget and Control Board, speaker of the house, president pro tempore of senate, and other appropriate officials.

In terms of debt management policy, there is a constitutional debt limit of 5% with an increase of 1% by the state legislature for economic development purposes. South Carolina's philosophy is to have debt retire in 15 years and, while derivatives and variable-rate debt is permitted, to avoid such transactions in favor of fixed-rate debt.

In terms of liquidity and reserve policies, South Carolina's policies are set by the constitution. The general fund reserve is now required to be funded at 5% of general fund revenue for the latest completed fiscal year. This was raised from 3% at the last budget session. It might be drawn upon for operating deficits, but it must be replenished within three fiscal years. There is also a capital reserve fund, which must equal 2% of the previous year's general fund revenues.

Once the budget is approved, the state monitors both revenue and expenditure performance on a regular basis and reports results in addition to an economic update. Budget adjustments have historically been implemented regularly on a timely basis. The State Budget and Control Board as well as the director of the Office of State Budget has the authority to make adjustments to the budget and a track record of doing so. Deficits may be carried forward into the next fiscal year but must be fully addressed in the next budget.

On a scale ranging from '1' (strongest) to '4' (weakest), Standard & Poor's has assigned a '1.5' to South Carolina's financial management.

Economy

While the recession has limited growth in employment, South Carolina's population has continued to grow at a higher rate than the national average. State population increased 11.7% from 2000-2008, higher than the 8.0% increase for the U.S. in that period. The level of net migration into the state between 2004 and 2009 was equal to 13.2% of the 2004 population number, higher than the 3.4% rate of the U.S.'s 2004 population as a whole. Charleston, Columbia, and Greenville remain major centers of economic activity with metropolitan statistical area populations of more than 600,000. Growth in other economic indicators tends to lag U.S. averages. Gross state product (GSP) for the state increased 5% between 2003 and 2008 while the national GSP rose 11%; the state GSP is 75% of the national average. From 2004-2009, state per capita income increased at a slower rate than the nation and was 82% of the U.S. average in 2009. The age dependency ratio is in line with U.S. averages.

In 2009, the South Carolina Department of Commerce worked successfully to recruit 18,000 jobs and more than \$2.4 billion of capital investment to the state. The South Carolina level of job recruitment was higher in 2009 than that of other states in the southeastern region. Significant investments during the year included The Boeing Co. (\$750 million), Peregrine Energy Corp. (\$135 million), Johnson Controls Inc. (\$100 million), and TBC Corp. (\$52

million). Foreign investment comprised 19% of total capital investment and 13% of total jobs recruited in 2009. South Carolina ranked first among states for the percent of private industry manufacturing employment in foreign affiliated companies. The South Carolina Department of Commerce continues to develop economic programs and work with companies to attract new business to the state.

The long-term outlook for economic growth is positive and employment levels are expected to increase beginning in 2012.

On a scale ranging from '1' (strongest) to '4' (weakest), Standard & Poor's has assigned a score of '2.1' to South Carolina's economy.

Budgetary Performance

In our view, South Carolina has consistently had well-defined financial management policies and a commitment to reserves despite budget challenges. The state ended fiscal 2008 with a general fund GAAP balance of \$331 million, including \$95 million in the general reserve fund. However, the unreserved balance was a negative \$10 million. In fiscal 2009, South Carolina faced what we consider significant revenue declines that negatively affected its general fund GAAP balances. The audited fiscal 2009 general fund closed with an operating deficit of nearly \$226.5 million, bringing the total fund balance to \$105 million with a negative unreserved balance of nearly \$126 million and no funds available in the general reserve fund. This was the first time in the past six fiscal years that South Carolina closed its financial books without any level of funds within the general reserve fund. The state took significant actions in fiscal 2010 to reverse the negative trend of the past two fiscal years. Its general fund closed fiscal 2010 with a positive change in the fund balance of \$43.1 million, increasing the total ending fund balance to \$148.3 million and reducing the unreserved ending fund balance deficit to \$36.2 million. The general state reserve was funded to \$110.8 million about 2% revenues. Standard & Poor's also believes South Carolina has additional reserves outside of the general fund that it could look to if revenues were further pressured.

Standard & Poor's believes that, while South Carolina faces a significant challenge to bring it back to a positive unreserved general fund balance position, the state has accomplished this before, as late as fiscal 2005, and with strong fiscal management and positive economic growth, it will be in a position to regain positive balances.

The recession continued to be felt in South Carolina's adopted budget for 2011, which stood at baseline state spending of \$5.1 billion. Total base revenues were forecast to decline 2.6% in fiscal 2011 to \$5.57 billion. In November 2010, the BEA revised its revenue forecast upward by \$229.6 million, an increase of 4.1% to its original fiscal 2011 estimate. The individual income tax is now budgeted to increase by 1.6% in fiscal 2011 and the sales tax will rise by 1.6%. The corporate income tax is projected to increase 4% in fiscal 2011.

As was done in fiscal 2010, for fiscal 2011 net spending reductions of about \$164 million were outlined. For fiscal 2011, education spending was budgeted to decline by about \$62.3 million, while health and human services was to increase by \$49.7 million and correctional spending was to drop by \$26.4 million compared with fiscal 2010 levels. Debt service is projected to rise to \$210.2 million, an increase of \$15.5 million.

South Carolina expects to use \$346.1 million in federal stimulus funds and \$491.0 million in federal Medicaid assistance funds (FMAP) in fiscal 2011. Correspondingly, the state will use the federal stimulus funds to increase spending for education and government services and a portion of the FMAP funds (\$371 million) for Medicaid and

other health agencies. In addition, of the projected \$5.8 billion of state revenues, \$545.9 million will be transferred to the tax relief trust fund.

Total state resources amount to \$6.14 billion against current spending of nearly \$5.8 billion. However, South Carolina has identified about \$262.4 million of agency deficits primarily in the areas of human services and corrections, which would require additional spending.

Inclusive of the additional spending, the state now projects an ending budgetary general fund balance of \$82.3 million for fiscal 2011 and full funding of the general reserve fund, bringing it to \$166.3 million or 3% of revenues.

South Carolina estimates that, based on no state revenue growth and current service levels, it will face a potential fiscal 2012 budget gap of \$876.8 million. This is primarily derived from the need to replace the federal funds used in the fiscal 2011 budget. The state's proposed budget must be balanced and current expectations are that further declines in spending will be needed to close the budget gap.

Standard & Poor's has assigned a score of '1.3' out of '4.0' to South Carolina's budgetary performance, where '1.0' is the strongest score and '4.0' the weakest.

Debt And Liability Profile

Given South Carolina's historically conservative stance toward debt issuance, in our view, the tax-supported debt burden is low by all measures at \$489 per capita and 1.6% of personal income. The state constitution, which governs debt issuance, places restrictions on debt levels as well as bond amortization. Bond maturities on GO debt cannot exceed 30 years. Overall tax-supported debt is amortized rapidly, with nearly 80% of principal retired in the next 10 years. The state recently increased its constitutional debt limit to 6.0% from 5.5%. The additional 0.5% is for the exclusive purpose of providing research university infrastructure for state research institutions.

In our view, South Carolina's liquidity position is stable with an average cash balance for investments earnings of \$1.4 billion in fiscal 2010, up from \$1.3 billion a year earlier. The state has historically not been required to do short-term borrowing for general fund cash flow.

South Carolina has five statutorily established pension plans, with the Teachers' and State Employees' Retirement System (SCRS) being the largest. In fiscal 2010, SCRS, which makes up 91% of the total unfunded liability, had a funded ratio of 68%, which Standard & Poor's considers below average among all of the states.

The state typically fully funds its annual required contribution (ARC) for all systems. In our view, unfunded state pension liabilities per capita are a below-average \$2,889 and pension liabilities to personal income are weak at 9%.

South Carolina has regularly evaluated the cost of other postemployment benefits (OPEB). Its retiree health care benefit is funded on a pay-as-you-go basis, with minimal additional accumulation of funds to pay retiree health benefits. An updated actuarial valuation of the retiree health care benefits (OPEB) liability was done in 2010. The unfunded actuarial accrued liability for benefits earned as of June 30, 2010, is estimated at \$9.2 billion. The actuarial assumptions reflect a short-term discount rate of 5.5%, which is consistent with previous studies. The fiscal 2010 ARC was \$785 million, which South Carolina funded at 38%, a decline from 51% funding in fiscal 2009. The state established an OPEB trust fund in 2008, and the fiscal 2010 appropriation act included an appropriation of \$5.4 million.

Standard & Poor's has assigned a score of '2.4' out of '4.0' to South Carolina's debt and liability profile, where '1.0' is the strongest score and '4.0' the weakest.

Related Criteria And Research

USPF Criteria: State Ratings Methodology, Jan. 3, 2011

Ratings Detail (As Of February 3, 2011)

South Carolina GO

Long Term Rating

AA+/Stable

Affirmed

South Carolina GO (AGM) (SEC MKT)

Long Term Rating

AA+/Stable

Affirmed

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AGENCY: Office of State Budget

SUBJECT: Agency Deficit Update – Department of Health and Human Services

On February 8, 2011 the State Budget and Control Board considered the Department of Health and Human Services (DHHS) request to recognize an operating deficit within the Medicaid program estimated at \$227,786,198. At that meeting the Board determined that the operating deficit incurred by the Department was unavoidable and recognized the operating deficit not to exceed \$100,000,000. On March 22nd the Board subsequently increased the deficit recognition amount to a total of \$200,000,000. The Board further directed the Department to continue working with the Office of State Budget to reduce the projected deficit and report back at the next regularly scheduled Board meeting.

In February DHHS began implementing a package of service reductions and eliminations that are projected to reduce expenditures within the Medicaid program by \$2,775,432 during this fiscal year. In addition, the Department is implementing a reduction in Managed Care administrative allowance estimated to save \$1,558,680 during the final quarter of this fiscal year. DHHS has implemented various human resources strategies that will allow it to transfer \$1,000,000 of personal service funds to Medicaid Service lines. The Department is awaiting final approval from the Centers for Medicare/Medicaid Services in order to realize additional savings resulting from a 3% provider rate reduction made possible through enactment of Senate Bill 434. Therefore, the balance of the operating deficit is estimated at no more than \$22,452,086.

BOARD ACTION REQUESTED:

The Office of State Budget recommends that pursuant to Section 1-11-495 of the S.C. Code of Laws:

- A. Recognize the balance of the operating deficit not to exceed the amount of \$22,452,086;
- B. Notify the presiding officers of the House and Senate; and
- C. Direct the Office of State Budget to continue working with the Department to reduce the deficit.

ATTACHMENTS:

Agenda item worksheet; June 7 letter from Roy E. Hess – Interim Deputy Director for Finance and Administration, Department of Health and Human Services concerning deficit status; April 27 letter from the Governor Nikki R. Haley to Kathleen Sebelius, Secretary – U. S. Department of Health and Human Services; Section 1-11-495 of the S.C. Code of Laws; Proviso 89.130 of the FY 2010-11 Appropriation Act

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

2011-11

For Meeting Scheduled for: June 14, 2011

Regular Agenda

1. Submitted By:

(a) Agency: Office of State Budget

(b) Authorized Official Signature: 

2. Subject:

Agency Deficit Update – Department of Health and Human Services

3. Summary:

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4. What is Board asked to do?

Pursuant to Section 1-11-495 of the S.C. Code of Laws, recognize the balance of the operating deficit not to exceed \$22,452,086. Direct the Office of State Budget to continue working with the Department to reduce the deficit.

5. What is recommendation of Board Office involved?

The Office of State Budget recommends that pursuant to Section 1-11-495 of the S.C. Code of Laws:

- A. Recognize the balance of the operating deficit not to exceed the amount of \$22,452,086.
- B. Notify the presiding officers of the House and Senate.
- C. Direct the Office of State Budget to continue working with the Department to reduce the deficit.

6. Recommendation of other office (as required)?

Authorized Signature: _____
Office Name: _____

Supporting Documents:

List those attached:

- June 7 letter from Roy E. Hess – Interim Deputy Director for Finance and Administration, Department of Health and Human Services concerning deficit status
- April 27 letter from the Governor Nikki R. Haley to Kathleen Sebelius, Secretary – U. S. Department of Health and Human Services
- Section 1-11-495 of the S.C. Code of Laws
- Proviso 89.130 of the FY 2010-11 Appropriation Act

List those not attached but available:



June 7, 2011

Mr. Les Boles, Director
Office of State Budget
South Carolina Budget and Control Board
1205 Pendleton Street
Edgar A. Brown Building, Suite 529
Columbia, South Carolina 29201

Dear Mr. Boles:

As requested, I am writing to update you on the status of the projected budget deficit of the Department of Health and Human Services, in preparation for the June 14, 2011 meeting of the Budget and Control Board.

As you know, the Department in its Deficit Reduction Plan submitted to the Budget and Control Board in November, 2010, requested that a projected deficit of \$227,786,198 be recognized. When Director Keck appeared before the Board on February 8, 2011, he reported that the Department was in the process of implementing a package of service reductions and eliminations that were projected to produce savings of \$2,775,432, which would reduce the deficit to \$225,010,766. At that time, the Board took action to recognize \$100,000,000 of the deficit, leaving a remaining deficit of \$125,010,766. Also, as a result of the meeting, we were instructed to report back to the Board on March 22, 2011 with an update on our deficit situation. In reviewing all our weekly cash flow and expenditures, in conjunction with budget forecasts provided by Milliman, our actuarial firm, the remaining projected deficit of \$125,010,766 was determined to be on target and we asked for the projected deficit amount to be recognized. The Board took action to recognize an additional \$100,000,000 of the deficit, leaving a remaining deficit balance of \$25,010,766.

There are 2 cost savings initiatives that the Department is currently working on for State Fiscal Year 2011. The first initiative is a reduction in the Managed Care Administrative allowance which will generate a cost savings of \$1,558,680. The second initiative is the implementation of the passage of Senate Bill 434. We are dependent on the approval of the Centers for Medicare/Medicaid (CMS) in order to realize any cost savings this fiscal year.

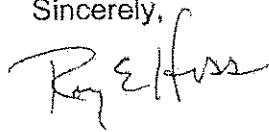
In addition to the previous 2 cost savings initiatives, the Department has been implementing various Human Resource (HR) strategies that have resulted in surplus funding. This amount equates to \$1,000,000 that the Department will use to offset the remaining deficit amount. We feel that we will need an

Mr. Les Boles, Director
June 7, 2011
Page 2

additional \$22,452,086 to balance our books for State Fiscal Year 2011 and asking that this amount be recognized.

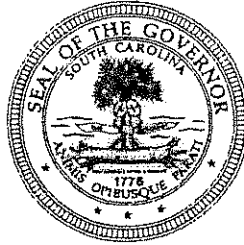
I hope this update is helpful to you and to the Budget and Control Board in preparing for the June 14 meeting. Please feel free to contact me if you have questions or need additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Roy E. Hess". The signature is fluid and cursive, with the first name "Roy" being more prominent.

Roy E. Hess
Interim Deputy Director
Finance and Administration

REH/jp



State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

April 27, 2011

The Honorable Kathleen Sebelius
Secretary, Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Madam Secretary,

I am writing to support the position set forth in the letter from the National Association of Medicaid Directors to Cindy Mann, Deputy Administrator and Director of the Center for Medicaid, CHIP and Survey & Certification dated April 4, 2011, relating to the anticipated release of proposed regulations concerning payment rates for providers in the Medicaid program. The proposed regulations would interpret section 1902(a)(30)(A) of the Social Security Act.

Under my administration our state Medicaid program's mission is to "purchase the most health for the least amount of money." We believe it is important to recognize that *health* is not interchangeable with *health services* and that "more is not always better." In its most recent roundtable *The Healthcare Imperative*, the Institute of Medicine estimates at least \$750 billion in excess annual cost in the US health care system due to waste and inefficiency – almost a third of all health care spending in 2009. Each dollar recovered from this staggering loss could be better spent on improving health for those still in need, lowering the cost of insurance for working families and reducing unnecessary tax burden on our citizens.

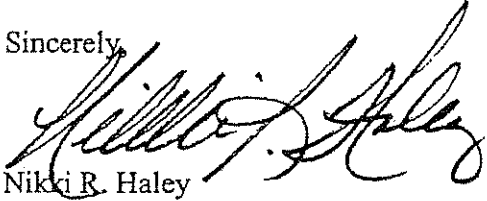
South Carolina strongly supports the National Association of Medicaid Directors view that states should be given maximum flexibility in the rate setting for Medicaid. We acknowledge the obligation to assure that our rates are sufficient to assure access to necessary care for Medicaid recipients. It must also be acknowledged that driving out even a fraction of the excess cost detailed by the Institute of Medicine is a complex process not simply of policy making, but negotiation between local purchasers and local providers. We cannot ignore that many individuals and organizations in our health care system are benefiting from that \$750 billion in waste and will not let go of it without a fight, regardless of the common good.

By imposing burdensome processes or regulations over these local negotiations CMS risks impeding states' efforts to control program costs and affords litigants a basis for seeking injunctions against necessary state rate modifications. As a former Governor, I know you are aware that rate setting must be made nimbly to reflect changing local market conditions and to meet the state's balanced budget obligations. This process is not suited to lengthy federal review and the uncertainty it entails.

Like other states, South Carolina is confronting budget shortfalls, rapidly growing Medicaid costs, and new limits in federal law on how the program can be brought under control. Unlike other states we have been prohibited by our state legislature for the past three years from reducing provider rates. I recently signed a law lifting this rate reduction restriction and as anticipated it has brought providers to the table looking to reduce waste and inefficiency in the delivery system as an alternative to rate reductions. Without this explicit authority, South Carolina would have faced a continuation of the status quo – rapidly increasing costs without appreciable gains in health status. Implementing similar de facto restrictions on other states through federal action should be avoided at all costs if we as a nation have any hope of controlling costs in Medicaid while improving outcomes. We hope that CMS will use the opportunity of its proposed regulation to assure states the flexibility they need in the rate setting area.

Thank you for your assistance on this issue of urgent importance.

Sincerely,

A handwritten signature in black ink, appearing to read "Nikki R. Haley", written in a cursive style.

Nikki R. Haley

South Carolina Code of Laws - Section 1-11-495 – As Amended

(A) The State Budget and Control Board is directed to survey the progress of the collection of revenue and the expenditure of funds by all agencies, departments, and institutions. If the board determines that a year-end aggregate deficit may occur by virtue of a projected shortfall in anticipated revenues, it shall utilize those funds as may be available and required to be used to avoid a year-end deficit and after that take action as necessary to restrict the rate of expenditure of all agencies, departments, and institutions consistent with the provisions of this section. No agencies, departments, institutions, activity, program, item, special appropriation, or allocation for which the General Assembly has provided funding in any part of this section may be discontinued, deleted, or deferred by the board. A reduction of rate of expenditure by the board, under authority of this section, must be applied as uniformly as may be practicable, except that no reduction must be applied to funds encumbered by a written contract with the agency, department, or institution not connected with state government. This reduction is subject to any bill or resolution enacted by the General Assembly.

(B) As far as practicable, all agencies, departments, and institutions of the State are directed to budget and allocate appropriations as a quarterly allocation, so as to provide for operation on uniform standards throughout the fiscal year and in order to avoid an operating deficit for the fiscal year. It is recognized that academic year calendars of state institutions affect the uniformity of the receipt and distribution of funds during the year. The Comptroller General or the Office of State Budget shall make reports to the board as they consider advisable on an agency, department, or institution that is expending authorized appropriations at a rate which predicts or projects a general fund deficit for the agency, department, or institution. The board is directed to require the agency, department, or institution to file a quarterly allocations plan and is further authorized to restrict the rate of expenditures of the agency, department, or institution if the board determines that a deficit may occur. It is the responsibility of the agency, department, or institution to develop a plan, in consultation with the board, which eliminates or reduces a deficit. If the board makes a finding that the cause of, or likelihood of, a deficit is unavoidable due to factors which are outside the control of the agency, department, or institution, then the board may determine that the recognition of the agency, department, or institution is appropriate and shall notify the General Assembly of this action or the presiding officer of the House and Senate if the General Assembly is not in session. The board only may recognize a deficit by a vote of at least four members of the board."

(C) Upon receipt of the notification from the board, the General Assembly may authorize supplemental appropriations from any surplus revenues that existed at the close of the previous fiscal year. If the General Assembly fails to take action, then the finding of the board shall stand, and the actual deficit at the close of the fiscal year must be reduced as necessary from surplus revenues or surplus funds available at the close of the fiscal year in which the deficit occurs and from funds available in the Capital Reserve Fund and General Reserve Fund, as required by the Constitution of this State. If the board finds that the cause of or likelihood of a deficit is the result of the agency, department, or institution management, then the state officials responsible for management of the agency, department, or institution involved must be held liable for it and the board shall notify the Agency Head Salary Commission of this finding. In the case of a finding that a projected deficit is the result of the management of the agency, department, or institution, the board shall take steps immediately to curtail agency, department, or institution expenditures so as to bring expenditures in line with authorized appropriations and avoid a year-end operating deficit.

FY 2010-11 APPROPRIATION ACT

89.130. (GP: Deficit Monitoring) If at the end of each quarterly deficit monitoring review by the Office of State Budget, it is determined by either the Office of State Budget or an agency that the likelihood of a deficit for the current fiscal year exists, the agency shall submit to the Office of State Budget within fourteen days, a plan to minimize or eliminate the projected deficit. After submission of the plan, if it is determined that the deficit cannot be eliminated by the agency on its own, the agency is required to officially notify the State Budget and Control Board within thirty days of such determination that the agency is requesting that a deficit be recognized. Once a deficit has been recognized by the State Budget and Control Board, the agency shall limit travel and conference attendance to the minimum required to perform the core mission of the agency. In addition, the board when recognizing a deficit may direct that any pay increases and purchases of equipment and vehicles shall be approved by the Office of State Budget.

AGENCY: Office of State Budget

SUBJECT: Permanent Improvement Projects

Budget and Control Board approval is requested for the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

Budget Increases Carried Over From Prior Meeting

- (a) Summary 4-2011: JBRC Item 13. South Carolina State University
Project: 9626, Chestnut Street Entry Construction
Request: Increase budget to \$1,470,414 (add \$70,414 - \$60,000 Other, SCDOT and \$10,414 Other, Tuition and Fee funds) to cover an expenditure overdraft and close SC State's project for construction of a new Chestnut Street entry to the campus. The project and construction budget were established in January 2006 to construct the new campus entry, a round-about, a bridge over a drainage canal and a new security house with funds from the SC Department of Transportation (DOT). As the project neared completion, DOT directed that two change orders be made for realigning the existing ditch and reengineering traffic pole foundations. In February 2008, DOT allocated the funds for the change orders. However, the expenditure of the additional funds resulted in the final project cost exceeding the originally approved budget. The source of funds for the increase includes tuition and fees spent in 2008, which did not result in a student fee increase. Ratification of the budget increase is needed to cover all project expenditures and to close the project on the state's project accounting system.
- (b) Summary 4-2011: JBRC Item 14. South Carolina State University
Project: 9631, Dawson Stadium - New Playing Field Turf Installation
Request: Increase budget to \$641,912 (add \$63,912 Other, Tuition and Fee funds) to cover an expenditure overdraft and close SC State's project for installing new playing field turf at Dawson Stadium. The project and construction budget were established in August 2006 to replace the existing natural grass playing field with a synthetic grass playing field over a drainage mat. Because the project was originally expected to be under the \$500,000 permanent improvement project level, work on the field had already begun when a primary subcontractor was found to be unacceptable. Finding a replacement subcontractor resulted in the estimated project cost going above the \$500,000 level, requiring approval of establishment of the project. Because the turf installation had to be completed by the start of the home football season in mid-September 2006, the project was quickly approved with cost information available at that time. However, as construction proceeded, four unforeseen change orders were required that resulted in the final cost exceeding the originally approved budget. The source of funds for the increase was tuition and fees spent in 2006, which did not result in a student fee increase. Ratification of the budget increase is needed to cover all project expenditures and to close the project on the state's project accounting system.

AGENCY: Office of State Budget

SUBJECT: Permanent Improvement Projects

Establish Project for A&E Design

(c) Summary 5-2011: JBRC Item 1. College of Charleston

Project: 9646, Jewish Studies Center Addition

Request: Establish project and budget for \$67,500 (Other, College Fee funds) to begin design work to construct an approximately 15,000 square foot addition to the Jewish Studies Center at the College of Charleston. The addition will provide food service space for a kosher/vegetarian kitchen and dining room and future space for much needed classrooms and academic support offices. The first floor will house the dining room, which will be utilized by students, faculty, staff and the public. The second and third floors will be constructed as shell space to be upfit for use as classrooms and offices. The college's current classroom utilization is well below the statewide standard. No space currently exists for this type of food service operation and the college has estimated that 10% of its student body is Jewish. The source of funds is college fees which are currently available and will not result in a student fee increase.

(d) Summary 5-2011: JBRC Item 2. College of Charleston

Project: 9647, Rita Hollings Science Center Renovation

Request: Establish project and budget for \$615,000 (Other, College Fee funds) to begin design work to renovate the Rita Hollings Science Center at the College of Charleston. The complete renovation of the 112,000 square foot facility will include reconfiguring existing space, replacing building systems, upfitting the facility for today's technology, and renovating the building's exterior envelope. The building was constructed in 1974 for a student body of 5,000 and the college now has more than 10,000 students. External studies have revealed the poor quality of the facility, which has a critical and negative impact on programs. The roof leaks and the facility has poorly operating HVAC systems, mold and mildew. Renovation will allow the college to consolidate teaching locations, currently spread across ten buildings, and to resolve health and safety issues. The source of funds is college fees which are currently available and will not result in a student fee increase.

(e) Summary 5-2011: JBRC Item 3. Coastal Carolina University

Project: 9585, Parking/Pedway Construction

Request: Establish project and budget for \$60,000 (Other, Parking Operation funds) to begin design work to construct three parking lots and a pedway at Coastal Carolina. The work will include constructing three parking lots with approximately 1,600 spaces, constructing a pedway for safer bicycle and pedestrian travel for students in nearby housing, improving berms, and installing a retention pond, bridges over wetland areas, call boxes, cameras, and landscaping. The new parking lots and pedway will provide additional parking capability while the University reduces surface parking within the main campus academic core. The improvements will provide for increased pedestrian and

AGENCY: Office of State Budget

SUBJECT: Permanent Improvement Projects

bicycle safety, free sites for future academic buildings to support the University's planned growth, and improve campus aesthetics with improved green spaces for student use.

- (f) Summary 5-2011: JBRC Item 4. University of South Carolina
Project: 6087, Football Practice Fields Renovations
Request: Establish project and budget for \$22,500 (Athletic funds) to begin design work to renovate the football practice fields across Bluff Road from Williams-Brice Stadium at USC. The work will include completely reworking the fields, removing the existing surface, installing new drain lines and irrigation system, regrading and sodding the area, constructing new filming towers, relocating and re-aiming existing lights and replacing the goal posts. The fields do not drain well following a major rain event which hampers the team's ability to practice outside. The fields are uneven and the site needs to be properly supported, compacted and re-graded.
- (g) Summary 5-2011: JBRC Item 5. University of South Carolina
Project: 6088, Softball Stadium Construction
Request: Establish project and budget for \$120,000 (Athletic funds) to begin design work to construct a new women's softball stadium at USC. The work will include demolishing the existing softball stands and support structures and constructing a new stadium with 1,350 permanent seats, new restrooms, a press box, concessions, dugouts, locker rooms and related facilities. The existing stadium seats only 700 fans, has inadequate support facilities and press box, and does not have adequate seating to host a major tournament. The new stadium will provide a competitive venue for women's softball, addressing equity in athletic facilities for women with amenities similar to and of the same quality as those in the baseball stadium.
- (h) Summary 5-2011: JBRC Item 6. State Board for Technical and Comprehensive Education
Project: 6030, Midlands Tech - Airport Support Center Upfit
Request: Establish project and budget for \$37,500 (Other, Local College funds) to begin design work to upfit the interior of the 34,600 square foot Support Center on the Airport Campus of Midlands Tech. The upfit of this warehouse space will allow for expanding the Industrial Technology and Continuing Education programs. The work will include building classrooms and offices on existing floor slab and providing utilities for lab equipment, storage space and new lighting. Enrollment has increased 122% in Industrial Technology programs and 160% in Continuing Education programs since 2005. The upfit will allow the two programs to utilize the same equipment and floor space to maximize space utilization, while minimizing travel between classrooms and labs. The source of funds is college capital fee funds which has not increased in ten years and will not result in a student fee increase.

AGENCY: Office of State Budget

SUBJECT: Permanent Improvement Projects

- (i) Summary 5-2011: JBRC Item 7. State Board for Technical and Comprehensive Education
Project: 6031, Midlands Tech - Airport Morris Hall Addition
Request: Establish project and budget for \$16,500 (Other, Local College funds) to begin design work to construct an approximately 5,100 square foot addition to Morris Hall on the Airport Campus of Midlands Tech. The addition will include general purpose classrooms and student support spaces. Morris Hall was constructed in 1995 and is currently 9,960 square feet. Additional space is needed to meet increased enrollment, which is up 12% at the college and 10% on the Airport Campus since 2005. No general purpose classroom space has been added to the campus since 1989. The source of funds is college capital fee funds which has not increased in ten years and will not result in a student fee increase.
- (j) Summary 5-2011: JBRC Item 8. State Board for Technical and Comprehensive Education
Project: 6032, Piedmont Tech - Multipurpose Building Renovation
Request: Establish project and budget for \$10,500 (Other, Local Plant funds) to begin design work to renovate the 21,000 square foot Multipurpose Building at Piedmont Tech. The work will include making life safety upgrades, improving the exterior and entrance lobby, renovating restrooms, creating a catering warming room and storage, and making general cosmetic enhancements. The Multipurpose Building was designed primarily for sports events, but is now used for student, employee and community events. In 2009, the Greenwood Civic Center closed which increased the need and use of this building. The renovation is needed to keep the building in a good condition, to address code deficiencies, and to enhance the building's functionality.

Establish Construction Budget

- (k) Summary 5-2011: JBRC Item 9. University of South Carolina
Project: 6080, Discovery I Third, Fourth and Fifth Floors Upfit
Request: Increase budget to \$15,500,000 (add \$15,342,500 Other, Grant Generated funds) to complete the upfit of the Discovery I building at USC. The project was established in December 2010 for pre-design work which is now complete. The building was constructed in 2008 as shell space and has been partially built out on the first and second floors. The work will include completing the build out and equipping for those floors to allow full occupancy and research capability for existing occupants. It will also include upfitting the remaining three floors for Centers of Economic Excellence Endowed Chairs in Cancer Therapeutics, Healthful Lifestyles, and Rehabilitation and Reconstruction and to provide offices, labs and research facilities for research staff and faculty in other health and medical areas. The upfit will be constructed to LEED Silver

AGENCY: Office of State Budget

SUBJECT: Permanent Improvement Projects

Certification and will include sustainable sites, water efficiency, energy and atmosphere, and indoor environmental quality energy savings and conservation measures. The LEED cost benefit analysis shows a positive cost benefit of \$2,343,000 over 30 years. The agency reports the total projected cost of this project is \$15.5 million and additional annual operating costs of \$542,230 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2012 and for completion of construction is July 2013. (Attachment 1 for additional annual operating costs.)

(l) Summary 5-2011: JBRC Item 10. University of South Carolina

Project: 6084, McBryde Renovations

Request: Increase budget to \$990,000 (add \$976,500 Other, Housing Maintenance Reserve funds) to renovate the McBryde Quadrangle residence halls at USC. The project was established in December 2010 for pre-design work which is now complete. The work will include painting ten hallways and 130 rooms, replacing interior doors and hardware, removing and replacing ceiling tiles in corridors, replacing water fountains, addressing life safety issues, replacing exterior and corridor doors, and installing card access. The work is needed to address immediate life safety issues and to improve living conditions for student residents, which include the pre-medical, music and pre-law learning communities. Energy savings and conservation measures will include the installation of energy efficient lighting. The agency reports the total projected cost of this project is \$990,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is October 2011 and for completion of construction is December 2011.

(m) Summary 5-2011: JBRC Item 11. USC - Aiken

Project: 9545, Pedestrian Bridge Construction

Request: Increase budget to \$1,300,000 (add \$1,285,000 - \$500,000 Other, Aiken County Transportation Committee, \$300,000 Other, Institutional, \$285,000 Other, Institutional Capital Project Funds and \$200,000 Other, SCDOT funds) to construct an elevated pedestrian bridge over the Robert Bell Highway at USC-Aiken. The project was established in December 2009 for pre-design work which is now complete. The work will include constructing an ADA compliant access ramp and stairs at each end of the bridge, sidewalks, lighting and signage. The bridge will be high enough to permit unrestricted traffic below it and wide enough to permit planned expansion of the highway in the future. USC-Aiken's baseball field and convocation center are located across the 55-mile per hour highway from the main campus, which creates potential safety issues for students attending athletic events, concerts and community activities at these facilities. Energy savings and conservation measures will

AGENCY: Office of State Budget

SUBJECT: Permanent Improvement Projects

include the use of indigenous plants for landscaping, energy saving solar panels and LED lights, construction materials with recycled content, and LEED approved construction practices. The agency reports the total projected cost of this project is \$1.3 million and additional annual operating costs of \$500 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is April 2012 and for completion of construction is March 2013. (See Attachment 2 for additional annual operating costs.)

(n) Summary 5-2011: JBRC Item 12. State Board for Technical and Comprehensive Education

Project: 6033, York Tech - Southeast Parking Lot A Expansion

Request: Establish project and budget for \$691,812 (Other, Local York County funds) to complete construction of a parking lot on the southeast side of the York Tech campus. The project was competitively bid as a non-permanent improvement project below the \$500,000 project level. After work began in April 2011, bad soil was found which must be undercut and disposed of off-site and new soil must be brought in to complete the parking lot. This additional work increased the cost above the \$500,000 project level, requiring the project to be established. The work will include removing existing soil, bringing in new soil, and installing asphalt, curbs, storm drainage, lighting, emergency call boxes, ADA ramps and landscaping. The college has experienced enrollment growth over the past three years of approximately 40%, which has created a deficit of parking spaces. Approximately 2,000 students are registered for classes a day, with only 1,900 parking spaces available. The use of grassy areas provides additional parking but becomes limited during periods of heavy rain. Energy savings and conservation measures will include the installation of energy efficient lighting, recyclable materials, drought resistant landscaping, and efficient storm water disposal. The agency reports the total projected cost of this project is \$691,812 and no additional annual operating costs will result from the project. The agency also reports construction started in April 2011 and the projected date for completion of construction is August 2011.

BOARD ACTION REQUESTED:

Approve permanent improvement project establishment requests and budget revisions. All items have been reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

Attachments

ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY
 Code H27 Name USC Columbia

2. PROJECT
 Project # 6080 Name Discovery I Third, Fourth and Fifth Floors Upfit

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

☒ COSTS

☐ SAVINGS

☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2013/14	\$542,230.00	\$	\$	\$ 542,230.00
2) 2014/15	\$542,230.00	\$	\$	\$ 542,230.00
3) 2015/16	\$542,230.00	\$	\$	\$ 542,230.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget?
 If no, how will additional funds be provided?

☒ YES

☐ NO

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>		<u>AMOUNT</u>
1. <u>Custodial</u>		<u>123,390.00</u>
2. <u>Maintenance</u>		<u>123,390.00</u>
3. <u>Waste Management</u>		<u>3,427.00</u>
4. <u>Utilities</u>		<u>292,023.00</u>
5. _____		
6. _____		
7. _____		
8. _____		
TOTAL		<u>542,230.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 5

9. Submitted By: Thomas J. Quinlan Associate V.P., Facilities
 Signature of Authorized Official and Title

5/9/11

Date

ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY
 Code H29 Name USC Aiken

2. PROJECT
 Project # 9545 Name Pedestrian Bridge Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

☒ COSTS

☐ SAVINGS

☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2012/13 (partial year)	\$250.00	\$	\$	\$ 250.00
2) 2013/14	\$500.00	\$	\$	\$ 500.00
3) 2014/15	\$500.00	\$	\$	\$ 500.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget?
 If no, how will additional funds be provided?

☒ YES

☐ NO

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utilities</u>	<u>250.00</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>250.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 0

9. Submitted By: Thomas J. Quany
 Signature of Authorized Official and Title

4/20/11
 Date

Permanent Improvement Project Information for June 14, 2011 B&CB Meeting

Agency/ Project No.	Agency/Project Name	Original Approved Budget	Date of Original Approval	Phase I Amount	Date of Phase I Approval	Included in CIP	Total Projected Project Cost
H24-9626	SC State - Chestnut Street Entry Construction	\$1,400,000	1/24/06	N/A	N/A	No	\$1,470,414
H24-9631	SC State - Dawson Stadium New Playing Field Turf Installation	\$578,000	8/4/06	N/A	N/A	No	\$641,912
H15-9646	College of Charleston - Jewish Studies Center Addition	\$67,500 for pre-design	6/14/11	\$67,500	6/14/11	2011 CIP Year 1	To Be Determined
H15-9647	College of Charleston - Rita Hollings Science Center Renovation	\$615,000 for pre-design	6/14/11	\$615,000	6/14/11	2011 CIP Year 1	To Be Determined
H17-9585	Coastal Carolina University - Parking/Pedway Construction	\$60,000 for pre-design	6/14/11	\$60,000	6/14/11	2011 CIP Year 1	To Be Determined
H27-6087	USC - Football Practice Fields Renovations	\$22,500 for pre-design	6/14/11	\$22,500	6/14/11	2011 CIP Year 1	To Be Determined
H27-6088	USC - Softball Stadium Construction	\$120,000 for pre-design	6/14/11	\$120,000	6/14/11	2011 CIP Year 1	To Be Determined
H59-6030	Midlands Tech - Airport Support Center Upfit	\$37,500 for pre-design	6/14/11	\$37,500	6/14/11	2011 CIP Year 1	To Be Determined
H59-6031	Midlands Tech - Airport Morris Hall Addition	\$16,500 for pre-design	6/14/11	\$16,500	6/14/11	2011 CIP Year 1	To Be Determined
H59-6032	Piedmont Tech - Multipurpose Building Renovation	\$10,500 for pre-design	6/14/11	\$10,500	6/14/11	2011 CIP Year 1	To Be Determined
H27-6080	USC - Discovery I Third, Fourth and Fifth Floors Upfit	\$157,500 for pre-design	12/14/10	\$157,500	12/14/10	2011 CIP Year 1	\$15,500,000
H27-6084	USC - McBryde Renovations	\$13,500 for pre-design	12/14/10	\$13,500	12/14/10	No	\$990,000
H29-9545	USC - Aiken - Pedestrian Bridge Construction	\$15,000 for pre-design	12/15/09	\$15,000	12/15/09	2010 CIP Year 1	\$1,300,000
H59-6033	York Tech - Southeast Parking Lot A Expansion	\$691,812	6/14/11	N/A	N/A	No	\$691,812

AGENCY: Office of State Budget

SUBJECT: Real Property Acquisitions

The Office of State Budget recommends approval of the following real property acquisitions:

- (a) **Agency:** **York Technical College**
 Acreage: 4.12± acres
 Location: On Highway 9 at Ballymena Road in Chester
 County: Chester
 Purpose: To acquire property adjacent to the existing Chester Center for future college growth.
 Appraised Value: \$82,000
 Price/Seller: \$82,000 / York Technical College Foundation
 Source of Funds: Other, Local College Capital Project Reserve
 Project Number: H59-6029
 Environmental Study: Approved
 Building Condition: N/A
 Assessment:
 Additional Annual Op: None
 Cost/SOF:
 Current Year Property Tax: N/A
 Approved By: CHE on 4/28/11; JBRC on 6/1/11
- (b) **Agency:** **School for the Deaf and Blind**
 Acreage: 67± acres
 Location: At 1318 Goldmine Road in Spartanburg
 County: Spartanburg
 Purpose: To ratify the acceptance of land received from the estate of Evie Lou Feagin in November 2008 to clear its title.
 Appraised Value: Donation
 Price/Seller: N/A / Estate of Evie Lou Feagin
 Source of Funds: N/A
 Project Number: H75-9543
 Environmental Study: Approved
 Building Condition: N/A
 Assessment:
 Additional Annual Op: None
 Cost/SOF:
 Current Year Property Tax: N/A
 Approved By: JBRC on 6/1/11
 Additional Information: The property was left to the school by John McClure, subject to the life estate of Evie Lou Feagin who died in November 2008. Title to all property held in a state agency or department name has been transferred to the State under the control of the Budget and Control Board. These properties must be titled to the State of South Carolina.

AGENCY: Office of State Budget

SUBJECT: Real Property Acquisitions

(c) <u>Agency:</u>	Department of Natural Resources
Acreage:	500± acres
Location:	Along the Reedy River and Highway 252 near Boyd's Mill Pond.
County:	Laurens County
Purpose:	To protect water quality, conserve wildlife habitat, provide public recreational opportunities, and fulfill the goals of the Reedy River Final Restoration Plan for mitigation from the Colonial Pipeline oil spill.
Appraised Value:	\$1,440,000
Price/Seller:	\$1,300,000 / Tylan Plantation Properties, LLC
Source of Funds:	Other, Reedy River Mitigation Trust Fund
Project Number:	P24-9922
Environmental Study:	Approved
Building Condition	N/A
Assessment:	
Additional Annual Op Cost/SOF:	Additional annual operating costs are estimated to be \$20,000 for personnel and management costs and will be funded from Federal and Other, Timber Revenue funds. Approximately \$200,000 will also be spent to improve roads and prepare the property for public access and will be funded from the Other, Reedy River Mitigation Trust Funds.
Current Year Property Tax:	\$555.37
Approved By:	JBRC on 6/1/11
Additional Information:	This request also includes approval of an increase to the permanent improvement project of \$1,310,000 from the fund source noted above.

BOARD ACTION REQUESTED:

Approve the property acquisitions as requested.

ATTACHMENTS:

Agenda item worksheet and attachments

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Regular Agenda

1. Submitted by:

- (a) Agency: State Budget Division
(b) Authorized Official Signature:


Les Boles, Director

2. Subject:

REAL PROPERTY ACQUISITIONS

3. Summary Background Information:

- (a) **Agency:** York Technical College
Acreage: 4.12± acres
Location: On Highway 9 at Ballymena Road in Chester
County: Chester
Purpose: To acquire property adjacent to the existing Chester Center for future college growth.
Appraised Value: \$82,000
Price/Seller: \$82,000 / York Technical College Foundation
Source of Funds: Other, Local College Capital Project Reserve
Project Number: H59-6029
Environmental Study: Approved
Building Condition Assessment: N/A
Additional Annual Op Cost/SOF: None
Current Year Property Tax: N/A
Approved By: CHE on 4/28/11; JBRC on 6/1/11
- (b) **Agency:** School for the Deaf and Blind
Acreage: 67± acres
Location: At 1318 Goldmine Road in Spartanburg
County: Spartanburg
Purpose: To ratify the acceptance of land received from the estate of Evie Lou Feagin in November 2008 to clear its title.
Appraised Value: Donation
Price/Seller: N/A / Estate of Evie Lou Feagin
Source of Funds: N/A
Project Number: H75-9543
Environmental Study: Approved
Building Condition Assessment: N/A
Additional Annual Op Cost/SOF: None
Current Year Property Tax: N/A
Approved By: JBRC on 6/1/11
Additional Information: The property was left to the school by John McClure, subject to the life estate of Evie Lou Feagin who died in November 2008. Title to all property held in a state agency or department name has been transferred to the State under the control of the Budget and Control Board. These properties must be titled to the State of South Carolina.

(c) Agency:	Department of Natural Resources
Acreage:	500± acres
Location:	Along the Reedy River and Highway 252 near Boyd's Mill Pond.
County:	Laurens County
Purpose:	To protect water quality, conserve wildlife habitat, provide public recreational opportunities, and fulfill the goals of the Reedy River Final Restoration Plan for mitigation from the Colonial Pipeline oil spill.
Appraised Value:	\$1,440,000
Price/Seller:	\$1,300,000 / Tylan Plantation Properties, LLC
Source of Funds:	Other, Reedy River Mitigation Trust Fund
Project Number:	P24-9922
Environmental Study:	Approved
Building Condition Assessment:	N/A
Additional Annual Op Cost/SOF:	Additional annual operating costs are estimated to be \$20,000 for personnel and management costs and will be funded from Federal and Other, Timber Revenue funds. Approximately \$200,000 will also be spent to improve roads and prepare the property for public access and will be funded from the Other, Reedy River Mitigation Trust Funds.
Current Year Property Tax:	\$555.37
Approved By:	JBRC on 6/1/11
Additional Information:	This request also includes approval of an increase to the permanent improvement project of \$1,310,000 from the fund source noted above.

4. What is Board asked to do?

Approve the property acquisitions as requested.

5. What is recommendation of Board Division involved?

Recommend approval of the property acquisitions requested.

6. Recommendation of other Division/Agency (as required)?

- (a) Authorized Signature: _____
(b) Division/Agency Name: _____
-

7. List of Supporting Documents:

- (a) York Technical College
(b) School for the Deaf and Blind
(c) Department of Natural Resources

(a) York Technical College
Chester County
H59-6029

List of Supporting Documents:

1. Letter from Agency
2. Appraisal Results
3. Map
4. Environmental Results
5. Cost Implications



RECEIVED

MAY 04 2011

May 3, 2011

Ms. Carol Routh
Manager, Capital Improvements Unit
State Budget Office
Edgar A. Brown Building
1205 Pendleton Street, Suite 529
Columbia, SC 29201

Dear Carol,

York Technical College is requesting permission from JBRC and The Budget and Control Board to acquire a 4.12 acre parcel of land at the intersection of Highway 9 and Ballymena Road in Chester SC. The property is contiguous to the Chester Center and is owned by the York Technical College Foundation.

The land was included in the Chester Master Land Acquisition Plan which was submitted to CHE in 2009 and it was approved by the CHE Finance and Facilities Committee and the full Commission.

The acquisition will allow the York Technical College Foundation to clear their holdings of land, and it will allow for an expansion of the Chester Center several years from now.

Thank you for your assistance in processing the request.

Best Regards,

David LeGrande
Director of Facilities Planning
and Construction

JOE VERSEN, APPRAISALS, LLC
LAND APPRAISAL REPORT

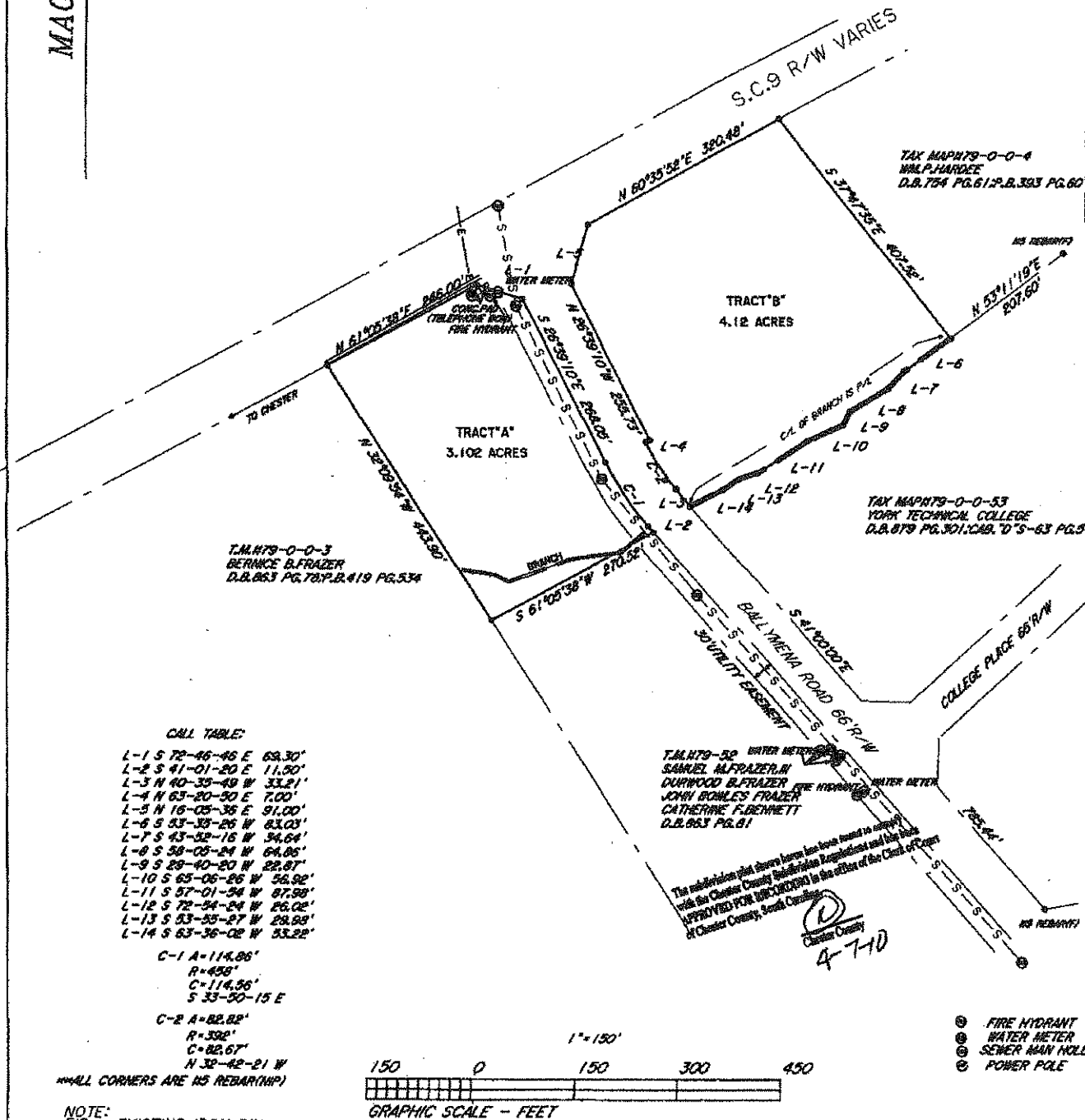
P.O.# 18179

File No. CH11033L

Property Address SE CORNER OF HIGHWAY 9 & BALLYMENA ROAD				Census Tract 206		LENDER DISCRETIONARY USE	
City CHESTER		County CHESTER		State SC		Zip Code 29706	
Legal Description TRACT 'B'; SEE PLAT AND LEGAL ATTACHED							
Owner/Occupant YORK TECHNICAL COLLEGE FOUNDATION				Map Reference I-25, Northern Star		Mortgage Amount \$	
Sale Price \$ N/A		Date of Sale N/A		Property Rights Appraised		Mortgage Type	
Loan charges/concessions to be paid by seller \$ N/A				<input checked="" type="checkbox"/> Fee Simple		Discount Points and Other Concessions	
R.E. Taxes \$ N/A		Tax Year 2010		HOA \$/Mo. N/A		Paid by Seller \$	
Lender/Client YORK TECHNICAL COLLEGE				<input type="checkbox"/> Condominium (HUDVA)		Source	
452 S. ANDERSON ROAD, ROCK HILL, SC 29730				<input type="checkbox"/> PUD			
LOCATION		<input type="checkbox"/> Urban		<input checked="" type="checkbox"/> Suburban		<input type="checkbox"/> Rural	
BUILT UP		<input type="checkbox"/> Over 75%		<input checked="" type="checkbox"/> 25-75%		<input type="checkbox"/> Under 25%	
GROWTH RATE		<input type="checkbox"/> Rapid		<input type="checkbox"/> Stable		<input checked="" type="checkbox"/> Slow	
PROPERTY VALUES		<input type="checkbox"/> Increasing		<input checked="" type="checkbox"/> Stable		<input type="checkbox"/> Declining	
DEMAND/SUPPLY		<input type="checkbox"/> Shortage		<input type="checkbox"/> In Balance		<input checked="" type="checkbox"/> Over Supply	
MARKETING TIME		<input type="checkbox"/> Under 3 Mos.		<input type="checkbox"/> 3-6 Mos.		<input checked="" type="checkbox"/> Over 6 Mos.	
PRESENT LAND USE %		LAND USE CHANGE		PREDOMINANT OCCUPANCY		SINGLE FAMILY HOUSING	
Single Family 40%		<input checked="" type="checkbox"/> Not Likely		<input checked="" type="checkbox"/> Owner		PRICE \$ (000)	
2-4 Family		<input type="checkbox"/> Likely		<input type="checkbox"/> Tenant		AGE (yrs)	
Multi-Family		<input type="checkbox"/> In process		<input checked="" type="checkbox"/> Vacant (0-5%)		20 Low 5	
Commercial 10%		To: _____		<input checked="" type="checkbox"/> Vacant (over 5%)		150 High 30+	
Industrial 10%						Predominant	
Vacant 40%						50 - 15	
NEIGHBORHOOD ANALYSIS							
						Good	Avg.
Employment Stability						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Convenience to Employment						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transportation						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Recreation Facilities						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Adequacy of Facilities						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Property Compatibility						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Protection from Detrimental Cond.						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Police & Fire Protection						<input checked="" type="checkbox"/>	<input type="checkbox"/>
General Appearance of Properties						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Appeal to Market						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Note: Race or the racial composition of the neighborhood are not considered reliable appraisal factors. COMMENTS: THE SUBJECT IS LOCATED IN A DEVELOPING INDUSTRIAL / INSTITUTIONAL AREA APPROXIMATELY 0.5 MILE EAST OF THE CHESTER TOWN LIMITS. ACCESS IS VIA HIGHWAY 9, LANCASTER HIGHWAY. THERE IS A MIXTURE OF LAND USES IN THE IMMEDIATE AREA. THERE IS RESIDENTIAL USE ACROSS THE HIGHWAY AND COMMERCIAL / INSTITUTIONAL USES ADJACENT TO THE SUBJECT. THERE IS AMPLE VACANT LAND AVAILABLE, INCLUDING THE SUBJECT, FOR FUTURE DEVELOPMENT. THE PROPERTY IS A PORTION OF THE CHESTER TECHNOLOGY PARK.							
Dimensions SEE PLAT ATTACHED				Topography GENTLY SLOPING			
Site Area ± 4.12 ACRES				Size TYPICAL FOR AREA			
Zoning Classification GC - GENERAL COMMERCIAL				Shape RECTANGULAR			
HIGHEST & BEST USE: Present Use YES				Drainage APPEARS ADEQUATE			
Other Use NA				View INSTITUTIONAL/RESIDENTIAL			
UTILITIES Public Other		SITE IMPROVEMENTS Type Public Private		Landscaping ADEQUATE		Driveway NA	
Electricity <input checked="" type="checkbox"/>		Street ASPHALT <input checked="" type="checkbox"/>		Apparent Easements NORMAL UTILITY		FEMA Flood Hazard Yes No X	
Gas <input checked="" type="checkbox"/>		Curb/Gutter CONCRETE <input checked="" type="checkbox"/>		FEMA Map/Zone			
Water <input checked="" type="checkbox"/>		Sidewalk <input checked="" type="checkbox"/>					
Sanitary Sewer <input checked="" type="checkbox"/>		Street Lights <input checked="" type="checkbox"/>					
Storm Sewer <input checked="" type="checkbox"/>		Alley <input type="checkbox"/>					
Comments (Apparent adverse easements, encroachments, special assessments, slide areas, etc.): ALL NORMAL UTILITIES ARE AVAILABLE AT THE SITE. THE PROPERTY WAS ACQUIRED BY ITS CURRENT OWNER 04/08/2010 AS A PORTION OF A LARGER TRACT.							
The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.							
ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3			
Address	Hwy 9 & Ballymena Road CHESTER	HWY. 72 / J.A. COCHRAN BYPASS CHESTER, SC 29706	2057 J.A. COCHRAN BYPASS CHESTER, SC 29706	COTTON ST / W. LACEY ST. CHESTER, SC 29706			
Proximity to Subject		1.19 miles NW	1.00 miles NW	1.41 miles WSW			
Sales Price	\$ N/A	\$ 100,000	\$ 26,000	\$ 13,395			
Price/	\$ 15,385	\$ 50,980	\$ 22,177				
Data Source	VIEWING/LEGALS	TAX#079-01-18-002/MLS/Prior 02/08 - \$65,000	TAX#079-01-10-012	TAX#201-05-29-001			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION			
Sales or Financing	CASH	NONE	NONE	NONE			
Concessions	\$0 REPORTED	KNOWN	KNOWN	KNOWN			
Date of Sale/Time	CURRENT 07/2010	01/2010	11/2009				
Location	SUBURBAN	URBAN/INF @10%	URBAN	URBAN/INF @10%			
Site/View	± 4.12 ACRES	± 6.50 ACRES	± 0.51 ACRE	± 0.604 ACRES			
SIZE	AVERAGE	LARGER @ 25%	SMALLER @50%	SMALLER @50%			
UTILITIES	AVAILABLE	AVAILABLE	AVAILABLE	AVAILABLE			
FRONTAGE	GOOD	GOOD	AVERAGE @20%	AVERAGE @20%			
ZONING	GC	GC	GC	LI-LIGHT INDUS @10%			
Net Adj. (Total)	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 5,385	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 15,294			
Indicated Value of Subject		Gross: 35.0	Gross: 70.0	Gross: 90.0			
		Net: 35.0	Net: -30.0	Net: -10.0			
Comments of Sales Comparison: SEE ATTACHED ADDENDUM							
Comments and Conditions of Appraisal: SEE ATTACHED ADDENDUM							
Final Reconciliation: THE SALES COMPARISON APPROACH IS CONSIDERED TO BE A RELIABLE INDICATOR OF VALUE. THE RANGE INDICATED APPEARS TO NOT BE ATYPICAL FOR PROPERTIES IN THIS MARKET. \$20,000 PER ACRE IS CONSIDERED TO BE THE APPROPRIATE INDICATION FOR THE SUBJECT.							
I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF April 10, 2011 to be \$ 82,000							
I (We) certify: that to the best of my (our) knowledge and belief, the facts and data used herein are true and correct; that I (we) personally inspected the subject property and inspected all comparable sales cited in this report; and that I (we) have no undisclosed interest, present or prospective therein.							
Appraiser(s) Joe Versen - SC		Review Appraiser (if applicable)		<input type="checkbox"/> Did <input type="checkbox"/> Did Not Inspect Property			

MAGNETIC NORTH

PLAT OF SURVEY FOR
COUNTY OF CHESTER
CHESTER TOWNSHIP, CHESTER COUNTY, SOUTH CAROLINA
FEBRUARY 24, 2010
REFERENCES: A PORTION OF TAX MAP 79-0-0-52
D.B. 863 PG. 81



THE INFORMATION SHOWN HEREON IS THE RESULT OF A SURVEY PERFORMED UNDER THE SUPERVISION OF WILLIAM V. HIPP AND WAS COMPLETED ON THE DATE SHOWN ABOVE. THE SURVEY WAS PERFORMED IN ACCORDANCE WITH THE MINIMUM STANDARDS ANNUAL FOR THE PRACTICE OF LAND SURVEYING AS ADOPTED UNDER THE CODE OF LAWS OF SOUTH CAROLINA, TITLE 40, CHAPTER 21, AND IS OF CLASS - A STANDARD. THE AREA (IF SHOWN) WAS DETERMINED USING THE D.M.D. METHOD. BEARINGS WERE RECHECKED AS SHOWN. ENCROACHMENTS ARE AS SHOWN. UNLESS NOTED STRUCTURES ARE NOT WITHIN A SPECIAL FLOOD HAZARD ZONE ACCORDING TO FEMA MAPS.

HIPP LAND SURVEYING, INC.
3574 VICTORIAN HILLS DRIVE
RICHBURG, S.C. 29729
PHONE (803) 789 3716

WILLIAM V. HIPP, P.L.S., 1988

1.0 Executive Summary

In accordance with an agreement established with Dave LeGrande of York Technical College ("User"), Compliance Centre ("Environmental Professional") has performed a Phase I Environmental Site Assessment (ESA) on the target property referenced below:

Target Property
4.52 Acre Property
Ballymena Road / Highway 9
Chester, SC
Chester County Tax Map # 079-00-00-052-000

1.1 Recognized Environmental Conditions

There are no known or suspect environmental conditions associated with the property.

On-Site Environmental Conditions

There are no known or suspect conditions that have resulted in a release or threatened release of hazardous substances and/or petroleum on, to, in or at the site from on-site source(s).

Off-Site Environmental Conditions

There are no known or suspect conditions that have resulted in a release or threatened release of hazardous substances and/or petroleum on, to, in or at the site from off-site source(s).

Previously Resolved Environmental Conditions

There are no known or suspect historical recognized environmental conditions on the target property.

De Minimis Environmental Conditions

There are no de minimis environmental conditions on the target property.

1.2 Opinion and Conclusions

It is the Environmental Professional(s) opinion that this assessment has revealed no known or suspect recognized environmental conditions (REC) in connection with the property.

1.3 Recommendations

Based on the conclusions of this assessment, the Environmental Professional(s) has no further recommendations for environmental investigation on the target property.

PROPERTY ACQUISITION INFORMATION FORMAT

PART I

1. Project Number: H59-6029

2. County: Chester

3. Description of Property:

The property is located at the intersection of Highway 9 and Ballymena Road approximately 1/2 mile from the Chester city limits. The property is located in the Chester Township of Chester County SC; a portion of Tax Map number 079-00-00-052-00 deed Book 863 Page 81. The property is contiguous to the York Technical College Chester Center property. (map attached). The York Technical College Foundation purchased the property in the Summer of 2010 when it became available for sale. The Foundation purchased the property because it is an ideal location for a future building which will allow the College road frontage on Highway 9. The appraised value of the property is \$82,000.00 and the Foundation paid \$89,262.00 for the property and they are willing to donate the \$7,262.00 difference to the College as an in-kind contribution.

The College completed a Phase I Environmental Site Assessment and found the property to be free of contaminants. The College also has completed a cost appraisal and a property survey, the property is shown as Tract B on the land plat.

The land is currently a vacant grassland which was originally farm pasture property. The property is clear of trees and large plant growth. History on the property indicates that it never has been developed.

4. Grantor(s) Name and Address: York Technical College Foundation
452 South Anderson Road
Rock Hill SC 29732

5. Grantee(s) Name and Address: York Technical College
452 South Anderson Road
Rock Hill South Carolina 29730

6. County Location: Chester

7. Acreage: 4.12

8. Purpose for Acquisition:

To acquire property that is in close proximity to the College which part of the Chester Master Land Acquisition Plan passed by The South Commission for Higher Education on August 24, 2009 for the future growth of the college. The College is only acquiring property that has been targeted as useful to the College and is only consistent with the Chester Master Land Acquisition Plan of August 24, 2009. (See enclosed map and CMLAP Information)

9. Demonstrate the need to acquire the property:

When practical the College desires to acquire usable property adjacent to the campus which can be used for future construction of buildings, parking for students and green space for aesthetics.

10. Purchase Price:

The planned property (land) purchase is from The York Technical College Foundation. The appraised value is \$82,000.00 dated April 10, 2011. Please see attached appraisal from Joe Versen Appraisals LLC.

PART II

1. How many sites were evaluated? 1

2. Please list the selection criteria used to evaluate sites.

The site is part of the Chester Master Land Acquisition Plan approved by The SC Commission on Higher Education. The land is available for purchase only to the College by York Technical College Foundation.

The selection criteria: evaluate property contiguous to the College Chester Center which has major road frontage, clear of trees, has utility infrastructure and good topography.

3. How was the final selection of the site made?

The site selection was made by the administrative staff of the College working in conjunction with the York Technical College Foundation. The parcel is a critical piece in the development in the north section of the CMLAP. The site borders Highway Number 9 which is a main corridor to the City of Chester. If this parcel can be purchased this will give the College a prominent presence along the corridor and make the property contiguous to the north side of the campus.

4. Why was this specific site selected?

It was selected because the land is part of the Chester Master Land Acquisition Plan which has identified potential growth opportunities for the campus as expansion becomes necessary. The seller is making the land available to the College only, and the College wants to take advantage the opportunity to purchase the land.

5. What is the estimated costs of any construction or renovations to be done on the property and the anticipated source of funds for such work?

No construction is planned; this land will be used for future campus expansion. There are no plans to upgrade or use the land immediately. There are no capital expenditures planned for the property until it is used. Source of funds is local York Technical College Capital Projects Reserve Fund.

6. What are the estimated additional annual operating costs which will result from acquisition of the property and the anticipated source of funds?

No funds Required

Grass cutting required twice a year is done without charge. The work is completed by a private individual for farm hay.

Explain the factors that determine the cost.

N/A

If no costs, explain why not.

The property will be held in reserve for future development as indicated on the August 2009 master plan. There are no city or county tax requirements on the property because the College is tax exempt.

7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds?

None

Explain the factors that determine the costs.

N/A

If no costs, explain why not:

The property will remain undeveloped until it is needed for College use. The College will allow a private individual to cut hay on the property twice annually.

**(b) School for the Deaf and Blind
Spartanburg County
H75-9543**

List of Supporting Documents:

1. Letter from Agency
2. Map
3. Environmental Results
4. Cost Implications



May 23, 2011

Carol Routh, Capital Budgeting Unit
Office of State Budget
1201 Main Street, Suite 870
Columbia, South Carolina 29201

RE Donated Gold Mine Road Tract Acquisition, project number 9543

Dear Ms Carol Routh:

Request the South Carolina Budget and Control Board approve the acquisition of the donated gold mine road tract.

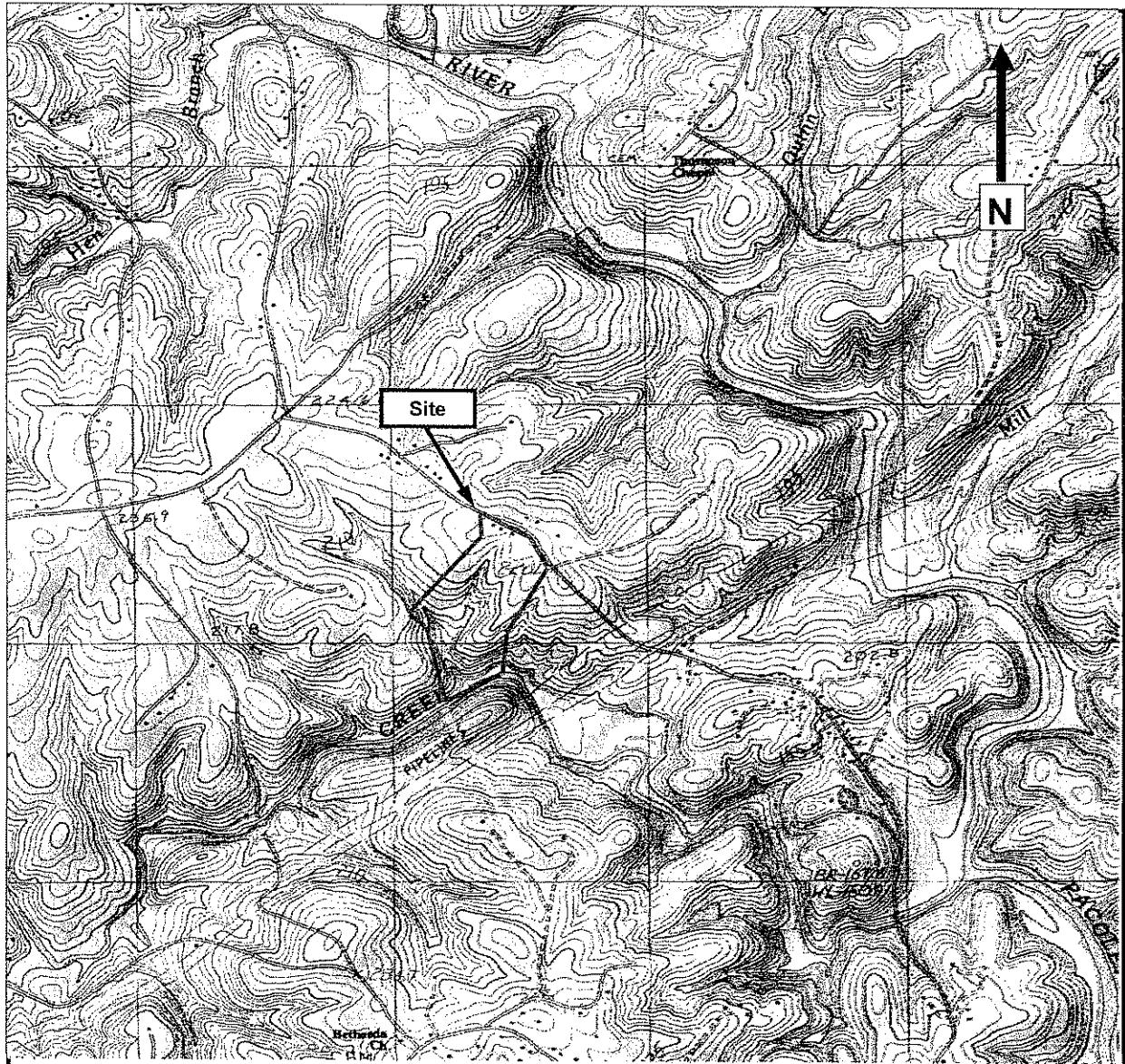
Thank you for your consideration in this matter.

Sincerely,


Jon Castro
Chief Financial Officer

SCSDB Accreditations

South Carolina State Department of Education (SDE) • Conference of Educational Administrators of Schools and Programs for the Deaf (CEASD)
Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS CASI)
A Palmetto Gold School • A Red Carpet School



Source: Pacolet USGS Topographic Quadrangle, dated 1983.

Prepared By\Date: CB\3/11

Checked By\Date: PL\4/11



USGS Topographic Map
Proposed Goldmine Road Tract
1318 Goldmine Road
Spartanburg, SC 29307

SC School for the Deaf and the Blind
355 Cedar Springs Road
Spartanburg, SC 29369

Scale

1 inch = 2000 feet

Figure 3

April 13, 2011

South Carolina School for the Deaf and the Blind
355 Cedar Springs Road
Spartanburg, SC 29369

RECEIVED

APR 29 2011

Budget & Control Board
OFFICE OF STATE TREASURER



Corporate Headquarters
1200 Veterans Road
Columbia, South Carolina 29209

Columbia Office
241 Business Park Boulevard
Columbia, South Carolina 29203

Charleston Office
4301 Dorchester Road, Suite 12A
North Charleston, South Carolina 29405

Greenville Office
350 Feaster Road, Suite A
Greenville, South Carolina 29615

Florence Office
2353-D Walker Swinton Road
Timmonsville, South Carolina 29181

Environmental Department
1345 Garner Lane, Suite 308
Columbia, South Carolina 29210

www.gs2engineering.com

Attention: Mr. John O'Brien, SSCPM

Reference: Letter of Transmittal
Proposed Goldmine Road Tract
Spartanburg County TMS# 3-21-00-040.00
Spartanburg, South Carolina
GS2 Project No.: 11-16197-EP

Dear Mr. O'Brien;

We appreciate the opportunity to provide you with the enclosed Phase I Environmental Site Assessment Report completed for the above referenced property.

The purpose of this Transmittal letter is to provide the South Carolina School for the Deaf and the Blind with a brief summary of the Phase I ESA and potential environmental concerns associated with the subject site, in accordance with your request and our agreement for services for the Proposed Goldmine Road Tract, located at 1318 Goldmine Road, in Spartanburg, Spartanburg County, SC. The following assessment activities were conducted in general accordance with Industry Standards and designed to be consistent with our findings as outlined in the Phase I ESA.

This assessment has revealed no evidence of Recognized Environmental Conditions in connection with the above referenced property. Based on the findings of this report, GS2 does not recommend further assessment activities at this time.

Once again we appreciate the opportunity to provide our services for your project needs. Enclosed are three (3) hard copies of the Phase I ESA. If there are any questions concerning our recommendations, or if additional information becomes available, please contact us at 803.772.2031.

Sincerely,

GS2 ENGINEERING & ENVIRONMENTAL CONSULTANTS, INC.

Christopher B. Cooper
Due Diligence Services Manager

Patrick W. Lowery, P.G.
Chief Technical Officer

Corporate
(803) 776-2105
(803) 776-2106

Columbia
(803) 750-1510
(803) 750-0773

Charleston
(843) 763-4093
(843) 763-4094

Bluffton
(843) 297-2035
(843) 763-4094

Greenville
(864) 312-9994
(864) 312-9995

Florence
(843) 292-9660
(843) 292-9661

Myrtle Beach
(843) 444-2766
(843) 444-2799

Environmental
(803) 772-2031
(803) 772-2034

PROPERTY ACQUISITION INFORMATION FORMAT

PART I

1. Project Number: 9543
2. County: Spartanburg
3. Description of Property: The subject site is approximately 67 acres in size, comprised of one parcel, described as Spartanburg County TMS# 3-21-00-040.000.
4. Grantor(s) Name and Address: Donor Evie Lou Feagin - deceased
5. Grantee(s) Name and Address: SC School for the Deaf and the Blind
6. County Location: 1318 Gold Mine Road, Spartanburg, SC
7. Acreage: 67
8. Purpose for Acquisition: N/A – property donated to school
9. Demonstrate the need to acquire the property: N/A - property donated to school
10. Purchase Price: \$0.00 – property donated to school
11. Current Year Property Tax Amount: \$0.00

PART II

1. How many sites were evaluated? N/A
2. Please list the selection criteria used to evaluate sites. N/A
3. How was the final selection of the site made? N/A
4. Why was this specific site selected? N/A – property was donated
5. What is the estimated costs of any construction or renovations to be done on the property and the anticipated source of funds for such work? \$0.00 – property will be sold as is
6. What are the estimated additional annual operating costs which will result from acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost. If no costs, explain why not. no costs - donated land.
7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. no costs - school plans to sell the land

**(c) Department of Natural Resources
Laurens County
P24-9922**

List of Supporting Documents:

1. Letter from Agency
2. Appraisal Results
3. Map
4. Environmental Results
5. Cost Implications
6. Laurens County Council Letter

South Carolina Department of Natural Resources



John E. Frampton
Director

Carole Collins
Deputy Director for
Outreach and Support Services

May 5, 2011

Carol Routh
Office of State Budget
1201 Main Street
Columbia, SC 29201

RE: Laurens County - Reedy River/Boyd's Mill Pond Land Acquisition

Dear Carol:

The South Carolina Department of Natural Resources is requesting Joint Bond Review Committee and State Budget & Control Board approval for the acquisition of +/- 500 acres on the Reedy River near Boyd's Mill Pond in Laurens County. The total cost of this acquisition is estimated to be \$1,330,000.

Acquisition of this property will protect water quality, conserve wildlife habitat, and provide public recreation opportunities. Further, this project works toward fulfilling the goals of the Reedy River Final Restoration Plan for mitigation from the Colonial Pipeline oil spill. The Agency will manage the property as part of the Wildlife Management Area Program with the intent of protecting the riparian corridor and increasing recreational access to the Reedy River as required by the Final Mitigation Plan.

Sincerely,

A handwritten signature in cursive script that reads "Carole".

Carole Collins
Deputy Director - Outreach & Support Services



March 18, 2011

Ms. Emily C. Cope
Assistant Director, Special Projects and National Affairs
SC Department of Natural Resources
P.O. Box 167
Columbia, South Carolina 29202

Re: Purchase Order #4600084798, \pm 515 Acres of Vacant Land on SC Highway 252 at the Reedy River in Laurens County, SC

Dear Ms. Cope:

Per your request, we have appraised the property located on SC Highway 252 at the Reedy River in Laurens County, South Carolina. The designated subject site can be further identified on Laurens County, SC Tax Map Number 110-00-00-001. The subject property is owned by Tylan Plantation Properties, LLC.

A legal description of the subject property is recorded on a deed to Tylan Plantation Properties, LLC dated October 1, 2007 in the Clerk of Courts Office for Laurens County in Deed Book 854 at page 25. No recent survey was provided to the Appraisers. According to information provided by the client and based on GIS coordinates, the subject contains approximately \pm 515 acres. **Please refer to the Assumptions & Limiting Conditions on pages 14 thru 17.** Copies of older plats are included in the property description section of this report for information purposes. A copy of the deed is included in the Addendum section of this report.

It is also assumed that there are no harmful chemical spills, toxins, or other hidden waste materials on site and that the site is not contaminated with asbestos or other toxic waste. If such should be found on the site, the above value(s) would not apply. We are not qualified to determine the presence of such materials and if such a determination should be required, professional help is highly recommended.

10 Lavinia Avenue, Greenville, SC 29601
(864) 232-5393 (864) 232-5395 Fax
www.owenappraisals.com
OwenAppraisals@att.net
R. Bruce Owen, MAI



The scope of the assignment is to provide a fee simple market value including timber value for our client, SC Department of Natural Resources, to assist them in a possible purchase of the property.

It should be noted at this point that the report is in summary format and is in compliance with the guidelines as set forth by the 2010/2011 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 2-2(b), in accordance with the Appraisal Standards Board of The Appraisal Foundation. As such, all of the information used in estimating the value may not be included in the report, but has been retained in our files.

Our report and valuation analysis follows. We certify we have no financial interest in the subject property and that our employment is not contingent upon the value reported.

We have considered what is thought to be all necessary and pertinent data available affecting the value of the property, including general real estate market conditions and trends, subject neighborhood analysis, highest and best use analysis, sales of similar type properties, and the Upstate South Carolina real estate market in general. The report contains all assumptions and limiting conditions upon which the value is predicated.

Based on the information contained in this report, it is our opinion that the market value of the fee simple estate of the subject site's ±515 acres, as of March 14, 2011 is:

**ONE MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS
(\$1,440,000)**

Included in the above estimated market value is the value for the timber, as of March 7, 2011, is:

**THREE HUNDRED THIRTY TWO THOUSAND DOLLARS
(\$332,000)**

10 Lavinia Avenue, Greenville, SC 29601
(864) 232-5393 (864) 232-5395 Fax
www.owenappraisals.com
OwenAppraisals@att.net
R. Bruce Owen, MAI



A copy of the Timber Appraisal is included at the end of this report.

We appreciate the opportunity to provide this appraisal to you. If we can explain any of the relevant data or provide additional information, please do not hesitate to call. Once again, thank you for your consideration of Owen Appraisal & Consulting Services, Inc.

Sincerely,

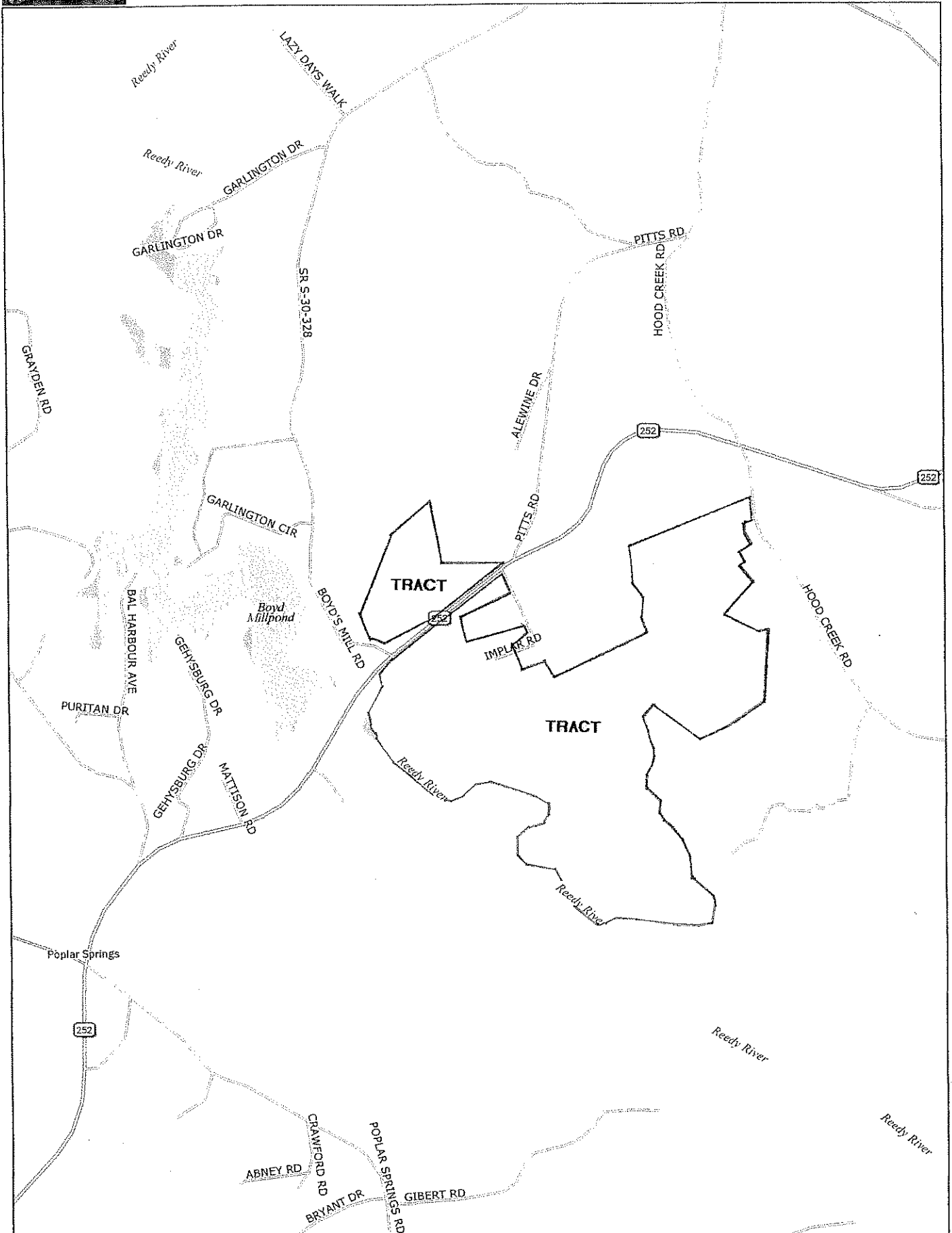
A handwritten signature in cursive script, appearing to read "Stephen C. Anderson".

Stephen C. Anderson
South Carolina Apprentice No. A2883

A handwritten signature in cursive script, appearing to read "R. Bruce Owen".

R. Bruce Owen, MAI
South Carolina Certification No. CG516

10 Lavinia Avenue, Greenville, SC 29601
(864) 232-5393 (864) 232-5395 Fax
www.owenappraisals.com
OwenAppraisals@att.net
R. Bruce Owen, MAI



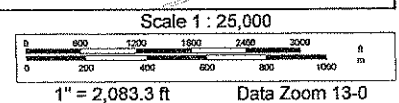
Data use subject to license.

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www.delorme.com



SITE VICINITY MAP



PHASE I ENVIRONMENTAL SITE ASSESSMENT
499.96-ACRE TYLAN PLANTATION PROPERTIES TRACT
SOUTH CAROLINA HIGHWAY 252/REEDY RIVER
LAURENS COUNTY, SOUTH CAROLINA
LAURENS COUNTY TMS #110-00-00-001

A. SUMMARY

F&ME CONSULTANTS has performed this Phase I Environmental Site Assessment on the approximately 499.96-acre Tylan Plantation Properties Tract located on the north and south of S.C. Highway 252 and along the east reach of the Reedy River in Laurens County, South Carolina, for the South Carolina Department of Natural Resources.

This assessment was conducted in general compliance with the procedures and guidelines outlined in the South Carolina State Budget and Control Board Guidelines for Obtaining Studies for Land Acquisitions (11-16-10), ASTM E1527-05, and ASTM E2247-08. The investigation consisted of reasonably ascertainable: title search, historical records review, historical photographs review, and review of South Carolina Department of Health and Environmental Control (SCDHEC) records.

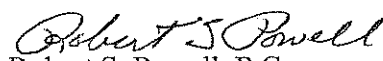
The tract was visually inspected on April 22, 2011. The site inspection also included a visual inspection of the present usage of adjoining and surrounding properties within the approximate recommended minimum search distance. During the site inspection, the ASTM E1528-06 Transaction Screen Questionnaire and ASTM E2247-08 User Questionnaire were completed as required.

We have recorded our findings, recommendations, and responses to the ASTM Questionnaires herein. No Phase II Environmental Site Assessment is recommended at this time. Refer to Section H, Findings, for recommendations.

If there are any questions concerning this Phase I Environmental Site Assessment, or if we can be of any further assistance on this project, please do not hesitate to contact us at (803) 254-4540. We appreciate the opportunity to have provided this service.

Sincerely,

F&ME CONSULTANTS


Robert S. Powell, P.G.
Senior Environmental Consultant

COLUMBIA OFFICE
3112 Devine Street
Columbia, SC 29205
ph (803) 254-4540
fx (803) 254-4542

MYRTLE BEACH OFFICE
1903 Legion Street
Myrtle Beach, SC 29577
ph (843) 626-9253
fx (843) 448-0681



AASHTO ACCREDITED
LABORATORY

www.fmecol.com

BUDGET AND CONTROL BOARD PROPERTY INFORMATION

Part I

1. PROJECT NUMBER: 9922
2. COUNTY: Laurens County
3. DESCRIPTION: Fee-simple acquisition of 500 acres along the Reedy River and Hwy 252.
4. GRANTOR(S): Tylan Plantation Properties, LLC; 811 Garrett Road; Enoree, SC 29335
5. GRANTEE(S): South Carolina Department of Natural Resources, 1000 Assembly Street, PO Box 167, Columbia, SC 29202
6. COUNTY LOCATION: Just south of Boyd's Mill Pond; bordered by SC Hwy 252 and the Reedy River
7. ACREAGE: Total project consists of approximately 500 acres
8. PURPOSE/PROJECT: To acquire title to 500 acres for the purposes of protecting water quality, conserving wildlife habitat, and providing public recreation opportunities. This project is works toward fulfilling the goals of Reedy River Final Restoration Plan for mitigation from the Colonial Pipeline oil spill. SCDNR will manage the property as part of the Wildlife Management Area Program with the intent of protecting the riparian corridor and increasing recreational access to the Reedy River as required by the Final Mitigation Plan.
9. NEED TO ACQUIRE PROPERTY: See above. SCDNR has worked with members of the local delegation and interested parties to identify appropriate expenditures for this mitigation fund. This requires a property that meets the characteristics required in the Plan and is available for sale from a willing landowner. If this acquisition is not completed, SCDNR will have to continue searching for alternatives to meet the intent of the Restoration Plan and ensure that all funds from the mitigation account are spent in an appropriate manner. Such funds are not allowed to be spent for any other purposes.
10. PURCHASE PRICE: The land purchase price for this tract will be \$1.3 million. SCDNR received previous approval to spend \$20,000 on due diligence activities including but not limited to obtaining an appraisal, environmental assessment, and title search. We are anticipating that we will need an additional \$10,000 to cover title insurance and survey work. The survey is turning out to be more expensive than originally estimated. The total project cost upon completion is estimated to be \$1,330,000.

BUDGET AND CONTROL BOARD PROPERTY INFORMATION

11. CURRENT YEAR PROPERTY TAX AMOUNT:

Laurens County 2010: \$555.37

Part II

1. HOW MANY SITES WERE EVALUATED? Numerous sites have been considered as alternatives for expending the mitigation funds; however, SCDNR has not been able to secure any other suitable sites that were available for purchase.
2. SELECTION CRITERIA USED TO EVALUATE SITES? Eligibility criteria for the Reedy River Final Restoration Plan were used to evaluate the site. They include riparian protection values to the Reedy River, fish and wildlife habitat values, water quality issues, and public recreation values.
3. HOW WAS THE FINAL SELECTION MADE? Approval by the DNR Board.
4. WHY WAS THIS SPECIFIC SITE SELECTED? DNR has maintained an interest in conserving land along the Reedy River as an effort to implement the Final Restoration Plan. Acquisition of the land will safeguard a large area of upland and wetland habitat containing many wildlife, waterfowl and non-game species. It will provide numerous outdoor recreation opportunities to the public and help with creating a protected corridor along the Reedy River. In addition, SCDNR plans to utilize this property for specialty type programs such as providing opportunities for handicapped persons and providing youth quality outdoor and educational experiences.
5. ESTIMATED COST OF ANY CONSTRUCTION COST OR RENOVATIONS TO BE DONE ON THE PROEPRTY AND THE ANTICIPATED SOURCE OF FUNDS FOR SUCH WORK. SCDNR estimates that approximately \$200,000 will be needed to improve roads and prepare the property for public access. This funding is available from the Reedy River Mitigation Trust Fund and is a suitable expenditure for this purpose.
6. ESTIMATED ADDITIONAL ANNUAL OPERATING COSTS WHICH WILL RESULT FROM ACQUISITION OF THE PROPERTY AND THE ANTICIPATED SOURCE OF FUNDS. IF NONE, EXPLAIN WHY. Additional operating costs are expected to be approximately \$20,000 which will be provided through federal funds and timber revenue. Of the \$20,000 it is estimated that approximately \$10,000 will go toward personnel and \$10,000 will go toward direct management costs.

BUDGET AND CONTROL BOARD PROPERTY INFORMATION

7. ESTIMATED ADDITIONAL ANNUAL OPERATING COSTS WHICH WILL RESULT FROM CONSTRUCTION/RENOVATION OF THE PROPERTY AND THE ANTICIPATED SOURCE OF FUNDS. EXPLAIN FACTORS THAT DETERMINE THE COSTS. IF NONE, EXPLAIN WHY. Other than initial road upgrades, no construction projects are planned at this time.

OFFICE OF THE COUNTY COUNCIL
COUNTY OF LAURENS



3 Catherine Street
POST OFFICE BOX 445
Laurens, South Carolina 29360-0445

(864) 984-5214 FAX - (864) 984-3726

COUNCIL MEMBERS

James A. Coleman, Chairman
Edward A. McDaniel, Vice Chair
Diane B. Anderson
Ted G. Nash
David A. Pitts
P. Keith Tollison
Joseph E. Wood, Jr.

ADMINISTRATION

Ernest B. Segars, Administrator
Betty C. Walsh, Clerk to Council

May 16, 2011

Laurens County Legislative Delegation
The Honorable Michael A. Pitts, Chairman
South Carolina House of Representatives
Laurens County House District #14
372 Bucks Point Road
Laurens, South Carolina 29360

Dear Representative Pitts:

On behalf of the citizens of Laurens County and the Laurens County Council, I am writing to express enthusiastic support of the program of work along the Reedy River within Laurens County. We understand and appreciate the planning and negotiations committed by the Laurens County Delegation over the years to get to this point.

After attending the presentation in late 2009, Council agreed and found this to be a project as a way of revitalizing and expanding the fundamental recreational interests in Laurens County and as a long lived program to preserving our wetlands. The study conducted by Clemson University of the area only reaffirmed our commitment of the area as being conducive to walking trails, shoreline fishing, camping, kayak and canoe portage points. To further endorse this project, the local and State Parks, Recreation and Tourism Departments and the South Carolina Department of Natural Resources have all walked the area and agreed to the unlimited possibilities of continuing the development along the Reedy River just as adjoining counties are developing.

Again, Laurens County endorses this program of work along the Reedy River and wishes to continue by utilizing the monies dedicated from the Colonial Pipeline spill.

Respectfully,

James A. Coleman, Chairman
Laurens County Council

AGENCY: Division of General Services

SUBJECT: Sale of 332.40± Acres on Miles Jamison Road in Ladson to Dorchester County

The Budget and Control Board approved on May 16, 2006, the sale of approximately 311 acres, and on January 30, 2007, the sale of an additional 20± acres on Miles Jamison Road in Ladson located in Dorchester County, commonly known as the Coastal Center Tract and formerly controlled by the Department of Disabilities and Special Needs, for not less than appraised value.

Additionally, title to a 0.331± acre lot adjacent to the Coastal Center Tract known as Lot 3 on Beverly Drive in Chandler Village Subdivision, Phase III ("Beverly Drive Lot") has recently been secured by the State, which lot will provide additional access to the Coastal Center Tract. Collectively, the property contains approximately 332.40 acres.

A contract for the sale of the Coastal Center Tract was originally awarded to a developer who submitted the highest bid as part of a competitive sealed bid process; however, the developer was ultimately unable to purchase the property. The contract stipulated that in the event the developer did not close on the property, the Beverly Drive Lot, which it owned, would be conveyed to the State of South Carolina. Legal action is now being finalized regarding the transfer of ownership in the Beverly Drive Lot to the State and to clear title clouded by the developer's failure to pay property taxes on the lot.

On January 13, 2011, Dorchester County, Dorchester School District #2 and the Town of Summerville were granted the exclusive right to make an offer for the purchase of the property within ninety days. Dorchester County now requests the approval of the Budget and Control Board to purchase the Coastal Center Tract and the Beverly Drive Lot for \$3,000,000, which is below the current appraised value. The County proposes to pay the entire purchase price at closing. The County will have one hundred twenty (120) days from the date the sale is approved to perform inspections on the property and may cancel the contract during this period; thereafter, the County will have thirty (30) days to close on the sale of the property.

The proceeds from the sale of the property will be divided between the Budget and Control Board and the Department of Disabilities and Special Needs pursuant to 2010 S.C. Act No. 23, Part 1B, §80A.35.

BOARD ACTION REQUESTED:

Approve the request of Dorchester County to purchase 332.40± acres known as the Coastal Center Tract and the Beverly Drive Lot for \$3,000,000.

ATTACHMENTS: Agenda item worksheet; SC Code of Laws Section 1-11-65; 2010 S.C. Act No. 23, Part 1B, §80A.35; Maps

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

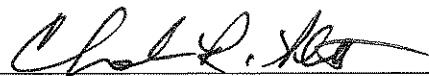
Meeting Scheduled for: June 14, 2011

Regular Agenda

1. Submitted by:

(a) Agency: Division of General Services

(b) Authorized Official Signature:



Charles R. Platt, Director

2. Subject: Sale of 332.40± Acres on Miles Jamison Road in Ladson to Dorchester County

3. Summary Background Information:

The Budget and Control Board approved on May 16, 2006 the sale of approximately 311 acres, and on January 30, 2007 the sale of an additional 20± acres on Miles Jamison Road in Ladson located in Dorchester County, commonly known as the Coastal Center Tract and formerly controlled by the Department of Disabilities and Special Needs, for not less than appraised value. Additionally, title to a 0.331± acre lot adjacent to the Coastal Center Tract known as Lot 3 on Beverly Drive in Chandler Village Subdivision, Phase III ("Beverly Drive Lot") has recently been secured by the State, which lot will provide additional access to the Coastal Center Tract. Collectively, the property contains approximately 332.40 acres.

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4. **What is the Board asked to do?** Approve the request of Dorchester County to purchase 332.40± acres known as the Coastal Center Tract and the Beverly Drive Lot for \$3,000,000.
-

5. **What is the recommendation of the Division of General Services?** Approval of Dorchester County's request to purchase 332.40± acres known as the Coastal Center Tract and the Beverly Drive Lot for \$3,000,000.
-

6. **Supporting Documents:**

1. SC Code of Laws Section 1-11-65
2. 2010 S.C. Act No. 23, Part 1B, §80A.35
3. Maps

SECTION 1-11-65. Approval and recordation of real property transactions involving governmental bodies.

(A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution.

South Carolina General Assembly
118th Session, 2009-2010

H. 4657

General Appropriations Bill for fiscal year 2010-2011
As Ratified by the General Assembly

PART IB

OPERATION OF STATE GOVERNMENT

SECTION 80A - F03-BUDGET AND CONTROL BOARD

80A.35. (BCB: Sale of Surplus Real Property) Up to 50% of the proceeds, net of selling expenses, from the sale of surplus real properties shall be retained by the Budget and Control Board and used for the deferred maintenance of state-owned buildings. The remaining 50% of the net proceeds shall be returned to the agency that the property is owned by, under the control of, or assigned to and shall be used by that agency for non-recurring purposes. This provision applies to all state agencies and departments except: institutions of higher learning; the Public Service Authority; the Ports Authority; the MUSC Hospital Authority; the Myrtle Beach Air Force Redevelopment Authority; the Department of Transportation; the Columbia State Farmers Market; the Department of Agriculture's Columbia Metrology Lab building and property; the Charleston Naval Complex Redevelopment Authority; the Department of Commerce's Division of Public Railways; the Midlands Technical College Enterprise Campus Authority; the Trident Technical College Enterprise Campus Authority; the Commissioners residence at the Department of Corrections and the Educational Television Commission's Key Road property.

The Educational Television Commission shall be authorized to retain the net proceeds from the sale of its property on Key Road, and such proceeds shall only be used for the renovation of the ETV Telecommunications Center. If it is determined that sufficient net proceeds are not to be derived from the sale of its property on Key Road to cover the cost of all renovations of the Telecommunications Center, the property on Key Road shall not be sold. Any proposed sale hereunder shall, prior to said sale, be submitted to the Budget and Control Board for approval as being in compliance with the requirements of this subsection.

The Department of Corrections shall be authorized to retain the net proceeds from the sale of the residence provided for the Commissioner of the Department of Corrections and use such proceeds for deferred maintenance needs at the Department of Corrections.

The Forestry Commission shall be authorized to retain the net proceeds from the sale of surplus land for use in firefighting operations and replacement of firefighting equipment.

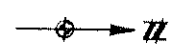
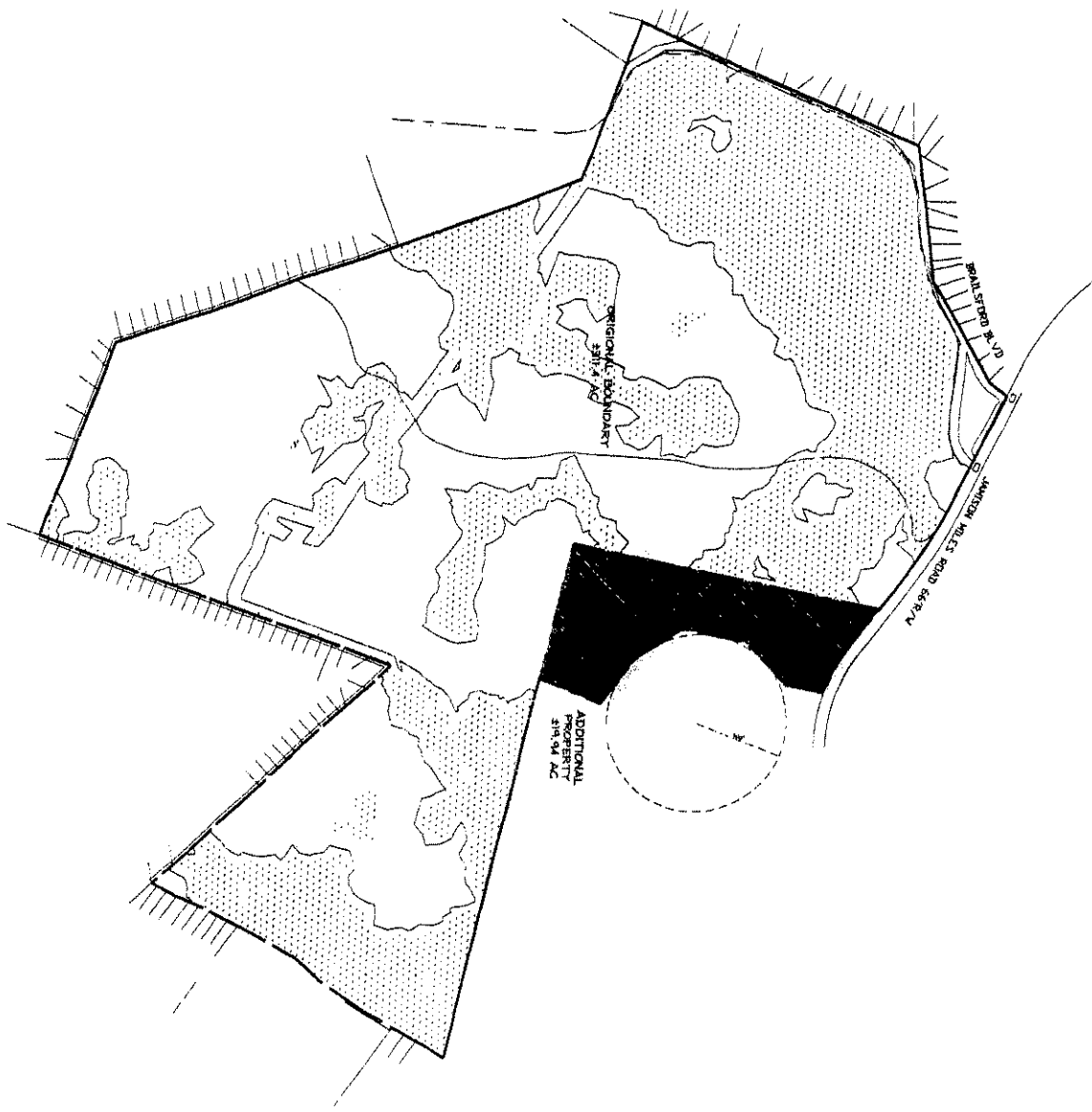
The Department of Natural Resources shall be authorized to retain the net proceeds from the sale of existing offices originally purchased with a federal grant or with restricted revenue from hunting and fishing license sales for the improvement, consolidation, and/or establishment of regional offices and related facilities.

The Department of Agriculture, the Educational Television Commission, the Department of Corrections, the Department of Natural Resources, and the Forestry Commission shall annually submit a report, within sixty days after the close of the fiscal year, to the Senate Finance Committee and the House Ways and Means Committee on the status of the sale of the identified property and a detailed accounting on the expenditure of funds resulting from such sale.

This provision is comprehensive and supersedes any conflicting provisions concerning disposition of state owned real property whether in permanent law, temporary law or by provision elsewhere in this act.

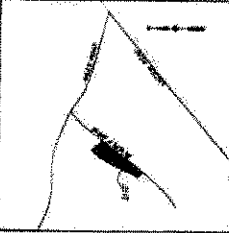
Any unused portion of these funds may be carried forward into succeeding fiscal years and used for the same purposes.

1. 100% OF THE LAND SHOWN ON THIS MAP IS OWNED BY THE STATE OF SOUTH CAROLINA.
 2. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR SALE.
 3. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR LEASE.
 4. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR RENT.
 5. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR ANY OTHER PURPOSE.
 6. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR ANY OTHER PURPOSE.
 7. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR ANY OTHER PURPOSE.
 8. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR ANY OTHER PURPOSE.
 9. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR ANY OTHER PURPOSE.
 10. THE LAND SHOWN ON THIS MAP IS NOT BEING OFFERED FOR ANY OTHER PURPOSE.



SITE PLAN

Intended User	SC Budget and Control Board				
Property Address	Lot 3 Beverly Drive				
City	Summerville	County	Dorchester	State	SC
				Zip Code	29485
Client	SC Budget and Control Board				

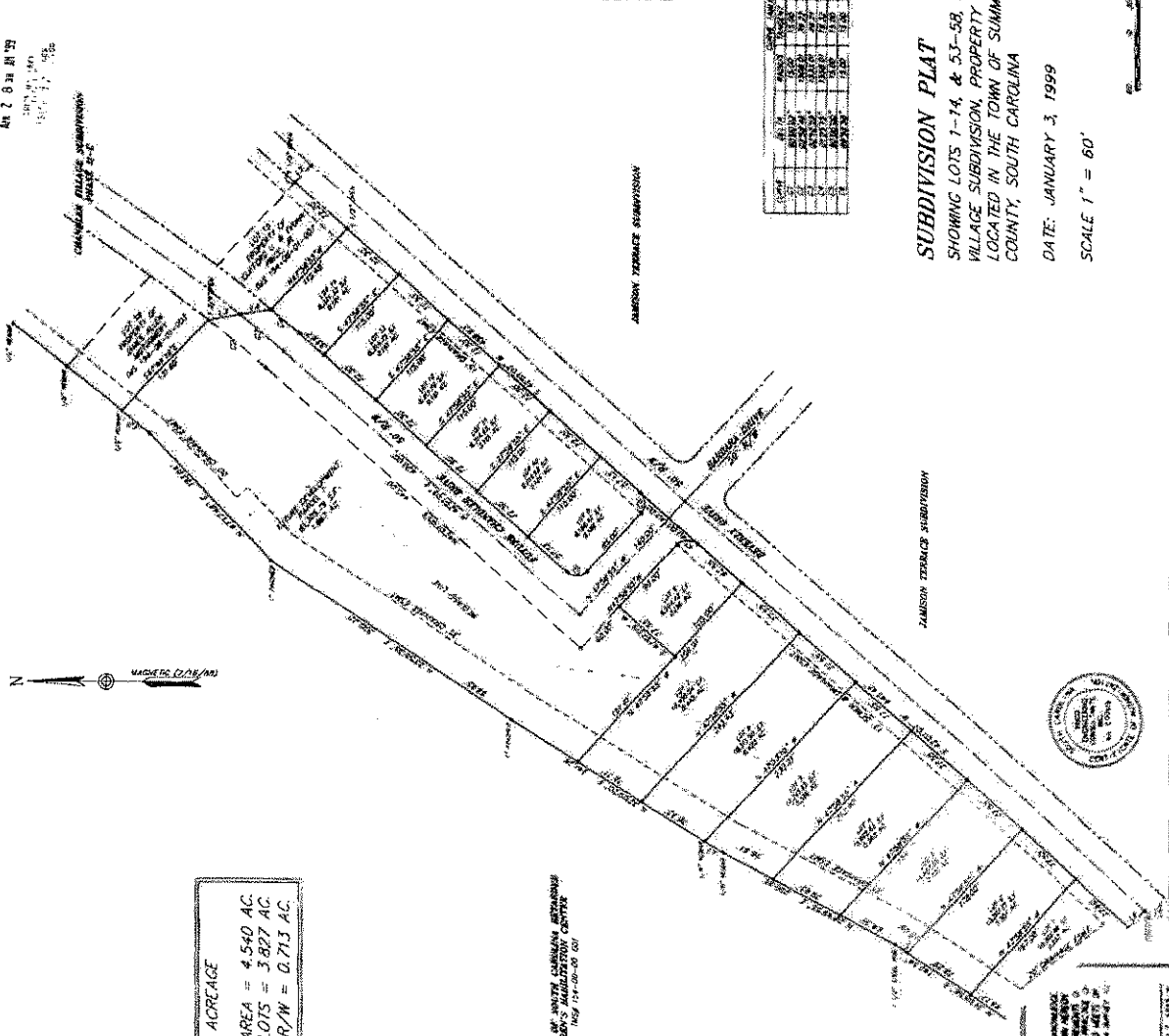


Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

[illegible]

SUBDIVISION PLAT
SHOWING LOTS 1-14, & 53-58, PHASE III, CHANDLER
VILLAGE SUBDIVISION, PROPERTY OF J. FOSTER SMITH,
LOCATED IN THE TOWN OF SUMMERVILLE, DORCHESTER
COUNTY, SOUTH CAROLINA

DATE: JANUARY 3, 1999
SCALE 1" = 60'
OSWALD C. BLACKWELL
TOWN ENGINEER
JAN 13 1999
5-1-99



ACREAGE

TOTAL AREA = 4.540 AC.
TOTAL LOTS = 3.827 AC.
TOTAL R/W = 0.713 AC.

PROPERTY OF YOUTH COUNCILS BRITAIN
CHILDREN'S HAMILTON CENTER
1954 12-20-55 101

[illegible]

AGENCY: Division of General Services

SUBJECT: Department of Mental Health Conveyance of 165.70± Acres on the Bull Street Campus in Columbia to Hughes Development Corporation

The South Carolina Department of Mental Health (DMH) Bull Street Campus in Columbia consists of 183.79± acres, which property is the site of the former South Carolina State Hospital for the care and treatment of the state's mentally ill. Currently DMH is seeking an order from the Richland County Circuit Court declaring that 165.79± acres of the Bull Street Campus is no longer needed for the care and treatment of the mentally ill and that the property may be sold with the proceeds to be retained by DMH for the benefit of persons with mental illness. DMH intends to continue use of 18 acres of the campus, on which the William S. Hall Psychiatric Institute buildings are located.

NAI Avant was awarded the contract to market and sell the property in June 2008 following a competitive procurement process. Since that time, NAI Avant has marketed the property both nationally and internationally, resulting in negotiations and a contract dated December 16, 2010, with Hughes Development Corporation ("Hughes"), a South Carolina commercial real estate development company headquartered in Greenville. NAI Avant has stated to DMH that Hughes is a qualified purchaser financially able to complete the purchase. Two other offers were submitted but were not pursued.

The contract with Hughes for the sale of 165.79± acres on the Bull Street Campus is for a price of not less than \$15,000,000 to be paid over a term of seven years. Hughes deposited \$100,000 earnest money at the time the contract was signed. An additional \$1,400,000 will be deposited if the approval to sell the property is granted by the Circuit Court and the Budget and Control Board, and upon satisfactory rezoning of the property by the City of Columbia. If the necessary approvals and rezoning are not obtained by December 15, 2011, the parties may agree to extend the deadline for satisfying these contingencies or either party may elect to cancel the contract. The earnest money is non-refundable after the contract contingencies are satisfied and will be applied towards the total purchase price. Hughes will pay the purchase price in accordance with the following minimum payment schedule:

Seven Year Payment Schedule

Year	Amount Received
1	\$ 1,500,000
2	\$ 3,800,000
3	\$ 6,000,000
4	\$ 9,000,000
5	\$12,000,000
6	\$14,000,000
7	\$15,000,000

Hughes will complete a parcel plan, dividing the property into parcels for marketing and sale to sub-developers, or Hughes may purchase one or more parcels itself. DMH and Hughes will work

AGENCY: Division of General Services

SUBJECT: Department of Mental Health Conveyance of 165.70± Acres on the Bull Street Campus in Columbia to Hughes Development Corporation

together to establish how much of the total purchase price will be assigned to each parcel identified by the parcel plan. DMH will retain ownership of the parcels until they are sold, and will transfer title to a new owner upon receipt of the amount assigned to the sold parcel. Beginning in the fourth year of the agreement, DMH will also receive 35% of the net profits from the sale of each parcel above the assigned parcel price and a 15% developer's fee to Hughes. DMH has the ability to extend the payment schedule for up to five years or may terminate the contract if the minimum payment schedule is not being met and appropriate progress is not being made in planning and marketing the property.

Currently, the Budget and Control Board has a parking lease with DMH on the Bull Street Campus for the Mills-Jarrett Building. Hughes is aware that parking must continue to be accommodated on the Bull Street Campus for the Mills-Jarrett Building in accordance with the lease terms, and has agreed through the purchase agreement to work with DMH and other necessary parties to find a mutually agreeable solution to continue accommodating the parking needs of the Mills-Jarrett Building users.

DMH requests approval to sell the property at the present time to Hughes for multiple reasons, including the elimination of maintenance and security costs associated with the property of approximately \$250,000 annually. The buildings on the property have been broken into and vandalized multiple times and the roads, pipes and other aspects of the campus infrastructure are all in a state of disrepair and deterioration. DMH believes the agreement with Hughes is fair and that finding another developer willing to take on the challenges this property presents may be difficult. Additionally, should the value of the property rise during the marketing phase, the agreement is structured in a way that allows DMH to potentially share in the increased value.

In addition to the sale of property at the Bull Street Campus, DMH is seeking the authority to enter into all future easements over its property for the development of the Bull Street Campus. As part of the case pending in Circuit Court, DMH is seeking an order from the court that such easements will not require the approval of the Attorney General pursuant to S.C. Code §44-11-110. DMH additionally requests the approval of the Budget and Control Board for all such easements.

BOARD ACTION REQUESTED:

Consider the request of the Department of Mental Health to approve the Sale and Purchase Agreement dated December 16, 2010 between the Department of Mental Health and Hughes Development Corporation for the sale of 165.79± acres on the Bull Street Campus for not less than \$15,000,000, and approve all future easements over the property subject to the agreement and controlled by DMH necessary for the development of the Bull Street Campus.

ATTACHMENTS: Agenda item worksheet Letter from the Department of Mental Health dated March 24, 2011; Map; SC Code of Laws Section 1-11-65

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Regular Agenda

1. Submitted by:

- (a) Agency: Division of General Services
(b) Authorized Official Signature:



Charles R. Platt, Director

- 2. Subject:** Department of Mental Health Conveyance of 165.79± Acres on the Bull Street Campus in Columbia to Hughes Development Corporation

3. Summary Background Information:

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-
- 4. What is the Board asked to do?** Approve the Sale and Purchase Agreement dated December 16, 2010 between the Department of Mental Health and Hughes Development Corporation for the sale of 165.79± acres on the Bull Street Campus for not less than \$15,000,000, and approve all future easements over the property subject to the Agreement and controlled by DMH necessary for the development of the Bull Street Campus.
-

- 5. What is recommendation of the Division of General Services?** Consider the request of the Department of Mental Health to approve the Sale and Purchase Agreement dated December 16, 2010 between the Department of Mental Health and Hughes Development Corporation for the sale of 165.79± acres on the Bull Street Campus for not less than \$15,000,000, and approve all future easements over the property subject to the agreement and controlled by DMH necessary for the development of the Bull Street Campus.
-

6. Supporting Documents:

- (a) Letter from the Department of Mental Health dated March 24, 2011
- (b) Map
- (c) SC Code of Laws Section 1-11-65



State of South Carolina Department of Mental Health

MENTAL HEALTH COMMISSION:

Alison Y. Evans, PsyD, Chair

Joan Moore, Vice Chair

Jane B. Jones

Everard Rutledge, PhD

J. Buxton Terry

2414 Bull Street • P.O. Box 485
Columbia, SC 29202
Information: (803) 898-8581

John H. Magill
State Director of Mental Health

March 24, 2011

Lisa N. Catalanotto, Office of General Services
State Budget and Control Board
1200 Senate St, Ste 460
Wade Hampton Bldg
Columbia, SC 29201

Re: Contract of Sale and Purchase Agreement for the Bull Street Property

Dear Lisa:

As discussed, I am writing on behalf of the South Carolina Department of Mental Health to request that the State Budget and Control Board review and approve the attached Sale and Purchase Agreement for the Department's Bull Street property. I am enclosing a copy of the Sale and Purchase Agreement, as well as the related Escrow Agreement.

The South Carolina Supreme Court in *Dept. of Mental Health v. McMaster, et al.*, 372 U.S.C. 175, 642 S.E.2d 552 (2007), concluded that the property, which is the subject of the Sale and Purchase Agreement, is impressed with a charitable trust. Therefore, SCDMH has also initiated a declaratory judgment action, a copy of which is also enclosed, seeking a judgment approving the sale of the property by way of equitable deviation.

As discussed, I am also enclosing a copy of the final appraisal report of the property done by George (Jake) Knight, Jr. of Real Estate Appraisers and Consultants, LLC (REAC) for SCDMH. As I mentioned, this appraisal was done, in part, in anticipation of the litigation now pending. Consequently, I request that the Board keep the report confidential except insofar as staff needs to share it with the Board members and other staff in connection with the Board's review of the Sale and Purchase Agreement. Please refer any external requests for a copy of the appraisal report to me.

By way of additional background information for you and Board staff, I am also enclosing a timeline I prepared detailing the many steps the Department took related to selling the property.

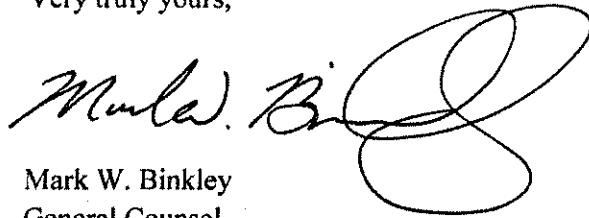
MISSION STATEMENT

To support the recovery of people with mental illnesses.

Please keep me informed and call me if you need any additional information or have any questions.

Thank you for your assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark W. Binkley". The signature is stylized with large, flowing loops, particularly in the last name "Binkley".

Mark W. Binkley
General Counsel

Attachments

cc: John H. Magill, State Director
Brenda Hart, Deputy Director for Administrative Services

165.79± Acres on Bull Street Campus
South Carolina Department of Mental Health



SECTION 1-11-65. Approval and recordation of real property transactions involving governmental bodies.

(A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution.

AGENCY: Division of Procurement Services

SUBJECT: Ninety Day Report to the Board of John de la Howe School

At the February 8, 2011 Budget and Control Board meeting, the Division of Procurement Services (the Division) presented the procurement audit for the John de la Howe School. The audit revealed that procurement records had been destroyed, and compliance with the procurement code could not be determined. The Budget and Control Board directed:

- the Division of Procurement Services to approve all procurements for the school prior to purchase orders being issued
- the Division to conduct a review of John de la Howe School's procurement practices in ninety (90) days

On May 12, 2011, the Division audit staff conducted the follow up audit at John de la Howe and discovered 20 procurements had been made by the School without proper approval by the Division. The School had directly paid the invoices without issuing purchase orders. Some of the procurements also violated the State's Procurement Code. As a result, the Division recommends the following actions:

- continued suspension of the John de la Howe School's procurement authority until the Board approves that it be restored
- complete audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011 meeting
- all purchases for the school continue to be approved by the Division using the SCEIS system.
- all invoices for the school be approved by the Division prior to payment using the SCEIS system (prevents the School from directly paying for goods and services that should be acquired using the purchase order system)
- the Division conduct another complete audit in 90 days and, thereafter, report the results at the next scheduled Board meeting
- the Division conduct customized procurement training for the School's financial and procurement staff

AGENCY: Division of Procurement Services

SUBJECT: Ninety Day Report to the Board of John de la Howe School

BOARD ACTION REQUESTED:

The Division of Procurement Services recommends the following actions:

1. The Board continue suspension of the John de la Howe School's procurement authority until the Board approves that it be restored;
2. The Division complete an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011, meeting;
3. The Division continue to review and approve all purchases for the school using the SCEIS system;
4. The Division review and approve all invoices for the School prior to payment using the SCEIS system (this will prevent the School from directly paying for goods and services that should be acquired using the purchase order system);
5. The Division conduct another complete audit in 90 days and, thereafter, report the results at the next scheduled Board meeting; and
6. The Division conduct customized procurement training for the School's financial and procurement staff.

ATTACHMENTS:

Agenda item worksheet; Ninety day Audit Letter; Mayer Continuance Letter

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: June 14, 2011

Regular Agenda

1. Submitted by:

(a) Agency: Division of Procurement Services

(b) Authorized Official Signature:


R. Voight Shealy, Materials Management Officer

2. Subject: Ninety day report to the Board of John de la Howe School

3. Summary Background Information:

At the February 8, 2011 Budget and Control Board meeting, the Division of Procurement Services (the Division) presented the procurement audit for the John de la Howe School. The audit revealed that procurement records had been destroyed, and compliance with the procurement code could not be determined. The Budget and Control Board directed:

- the Division of Procurement Services to approve all procurements for the school prior to purchase orders being issued
- the Division to conduct a review of John de la Howe School's procurement practices in ninety (90) days

On May 12, 2011, the Division audit staff conducted the follow up audit at John de la Howe and discovered 20 procurements had been made by the School without proper approval by the Division. The School had directly paid the invoices without issuing purchase orders. Some of the procurements also violated the State's Procurement Code. As a result, the Division recommends the following actions:

- continued suspension of the John de la Howe School's procurement authority until the Board approves that it be restored
- complete audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011 meeting
- all purchases for the school continue to be approved by the Division using the SCEIS system.
- all invoices for the school be approved by the Division prior to payment using the SCEIS system (prevents the School from directly paying for goods and services that should be acquired using the purchase order system)
- the Division conduct another complete audit in 90 days and, thereafter, report the results at the next scheduled Board meeting
- the Division conduct customized procurement training for the School's financial and procurement staff

4. What is Board asked to do?

The Division of Procurement Services recommends the following actions:

- 1) The Board continue suspension of the John de la Howe School's procurement authority until the Board approves that it be restored;
- 2) The Division complete an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011, meeting;
- 3) The Division continue to review and approve all purchases for the school using the SCEIS system;
- 4) The Division review and approve all invoices for the School prior to payment using the SCEIS system (this will prevent the School from directly paying for goods and services that should be acquired using the purchase order system);
- 5) The Division conduct another complete audit in 90 days and, thereafter, report the results at the next scheduled Board meeting; and

6) The Division conduct customized procurement training for the School's financial and procurement staff.

5. What is recommendation of Board division involved?

Approve the recommendations of the Division of Procurement Services concerning the John de la Howe School.

6. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. List of supporting documents:

(a) Ninety day Audit Letter

(b) Mayer Continuance Letter

NIKKI R. HALEY, CHAIR
GOVERNOR

CURTIS M. LOFTIS, JR.
STATE TREASURER

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL



SC BUDGET AND CONTROL BOARD

THE DIVISION OF PROCUREMENT SERVICES
DELBERT H. SINGLETON, JR.
DIVISION DIRECTOR
(803) 734-2320

R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER
(803) 737-0600
FAX (803) 737-0639

HUGH K. LEATHERMAN, SR.
CHAIR, SENATE FINANCE
COMMITTEE

DANIEL T. COOPER
CHAIR, HOUSE WAYS AND MEANS
COMMITTEE

ELEANOR KITZMAN
EXECUTIVE DIRECTOR

May 31, 2011

Mr. R. Voight Shealy
Materials Management Officer
Division of Procurement Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

At its February 8, 2011 meeting, the State Budget and Control Board directed the Division of Procurement Services to oversee all procurement activity and to conduct a review of the John de la Howe School's procurement practices in ninety (90) days. The Board further instructed that the Division report back to the Board the results of the review. From the Board's February 8, 2011 minutes:

He (Mr. Shealy) suggested that someone be assigned to communicate with John de la Howe every time before they process a procurement which could be done telephonically, by computer, or by fax. Mr. Eckstrom said that was going to be his suggestion and to have the audit staff go back to the School in 90 days to see if the School has been following the directions that have been given to them on a daily basis.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Board received as information that the Division of Procurement Services, in accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, reviewed the procurement system of John de la Howe School and that the chief procurement officers have determined, pursuant to S. C. Reg. 19-445.2022, that the School's audit results warrant a temporary suspension of authority from \$50,000 to \$25,000 because of extensive audit findings. However, the Board directed that all of John de la Howe School's procurements be overseen by the Division of Procurement Services. The Board further directed the Procurement Services Division to conduct a review of John de la Howe School's procurement practices in ninety (90) days and report back to the Board the results of the review.

To accomplish the Board's directive, the Division of Procurement Services took the following actions. Because the School uses the South Carolina Enterprise Information System (SCEIS) for procurement, the Division, working with the SCEIS Office, had the system "re-wired" to require our approval of all of the School's shopping carts (requisitions) for all procurements. We also assigned two staff members to communicate with the School on each and every procurement transaction. We communicated this assignment to the School through written procedural instructions. We further communicated, that if for some reason the School needs to amend a purchase request after we had approved the shopping cart, to communicate that need to us first. Further, we recognized the School has a student population and that it operates 24 hours a day, 7 days a week. We instructed should emergency conditions occur as defined in Section 11-35-1570 and Regulation 19-445.2110 of the Procurement Code that created an immediate threat to the health, welfare, critical economy or safety of the students, campus or John de la Howe as a whole, the School may proceed as necessary to address the condition provided it followed-up with paper work to us as soon as is practical under the circumstances. Additionally, the Division compiled a continuous weekly procurement activity log for Budget and Control Board Executive Management.

The School's Superintendent, Mr. Thomas W. Mayer, communicated to us that he instructed his staff to work cooperatively with the contacts we identified to effect this process. He assured us the School was working diligently to ensure all findings of the audit were resolved and looked forward to our return visit.

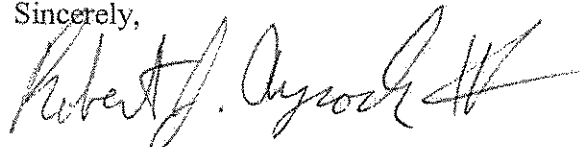
Throughout the 90 day period, we reviewed the School's shopping carts and supporting documents for compliance to the Consolidated Procurement Code before authorizing approvals to purchase. During this period, the Division reviewed sixty-three (63) procurements totaling \$39,712. On May 12, 2011, the audit staff returned to the School to conduct a review of John de la Howe School's procurement practices. Our review discovered the School by-passed the shopping cart process on some of its purchases. See the attachment for the listing of those purchases. Therefore those purchases were not presented to us for review and approval. As a result, those purchases violated the Board's directive.

The listing identified \$36,325 in expenditures that violated the Board's directive. Further, some of those purchases did not comply with the Consolidated Procurement Code. We identified those on the attached listing as "no competition." Food purchases totaling \$29,772 represented the majority of the expenditures. The School had been buying food from expired contracts. To correct the problem, the Division coordinated a meeting between its staff, John de la Howe staff and the South Carolina Department of Education. The Department of Education coordinates a school district food solicitation through the South Carolina School Food Service Purchasing Alliance utilizing the buyer power of the majority of school districts in South Carolina. John de la Howe School qualifies to participate in the food purchase alliance. The Division anticipates the School will realize noticeable savings in its food purchases once the contract solicitation is awarded.

The School's Superintendent is working to comply with the Board's directive. In June 2010, shortly after he was hired, the School's Superintendent requested we perform a procurement audit. Through the audit process, he recognized he had problems to address. The person responsible for the shredding of documents that led to the Board's action on February 8, 2011 is no longer employed by the School. Further, the person responsible for by-passing the shopping cart process identified by the

audit staff on May 12th is no longer employed by the School. His employment ended at the end of April. After the May 12th review where the audit staff identified the School had not complied with the Board's directive, the Superintendent asked that we request from the Board a continuance of the Board's directive for another 90 day period as he works to solve the School's problems by acclimating new staff, training existing staff and evaluating progress. He also requested that the audit staff perform a monthly review of the School's purchasing activity during this period to confirm compliance with the Board's directive. We concur with his request.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Aycock, IV", with a stylized flourish at the end.

Robert J. Aycock, IV
Manager, Audit and Certification

cc: Mr. Thomas W. Mayer, Superintendent
Ms. Shatika Spearman, Director of Budget and Finance
Mr. Delbert H. Singleton, Jr., Division Director
Mr. Mac Stiles, Senior Auditor
Mr. Derwin Brannon, Procurement Manager

Attachment

John de la Howe School

Procurements that Violated the Board's Directive

February 8, 2011 - May 12, 2011

Description	Ref Doc	Doc Date	Payment Amount	Contract Value	Comments
Waste Collection contract	3001759547	3/1/2011	\$ 648.90	\$23,361	No competition
	3001862608	4/1/2011	\$ 648.90		

Elevator service & repair contract	3001799802	3/15/2011	\$ 600.79	\$6,134	No competition
	3001862614	4/12/2011	\$ 165.79		

Subtotal \$ 2,064.38 \$29,495

Food products	3001761013	2/23/2011	\$ 7,316.00		No competition
Food products	3001831433	3/23/2011	\$ 9,023.64		No competition
Food products	3001761008	2/24/2011	\$ 5,154.60		No competition
Food products	3001831440	3/30/2011	\$ 5,802.28		No competition
Food products	3001831490	3/21/2011	\$ 1,131.42		No competition
Bread	3001760960	2/28/2011	\$ 198.00		Exempt
Bread	3001831495	3/28/2011	\$ 196.20		Exempt
Milk	3001831479	3/30/2011	\$ 950.26		Exempt

Subtotal \$ 29,772.40

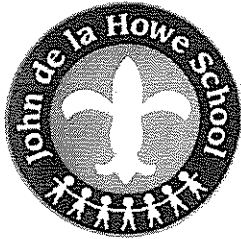
Industrial gases	3001759419	2/28/2011	\$ 52.67		State contract
	3001863902	3/31/2011	\$ 60.75		State contract
Drug testing supplies	3001759411	3/10/2011	\$ 393.00		State contract
	3001862619	4/13/2011	\$ 221.25		State contract

Subtotal \$ 727.67

Service call to repair air	3001799858	2/28/2011	\$ 1,462.01		Competition not required
Staff development	3001731702	2/17/2011	\$ 1,550.00		Competition not required
Fire Alarm service	3001769823	2/17/2011	\$ 321.60		Competition not required
Postage to refill postage machine	3001799757	3/3/2011	\$ 427.00		Exempt

Subtotal \$ 3,760.61

Total \$ 36,325.06



John de la Howe School

South Carolina's Home for Children



Thomas W. Mayer
Superintendent

BOARD OF TRUSTEES

R. Wayne Moseley
Chair
Isle of Palms, SC

Janet L. Duncan
Vice-Chair
Anderson, SC

Rosalind F. Neal
Secretary
McCormick, SC

W. Josh Brown
Anderson, SC

Mary G. Daniel-Wyatt, Esq.
Greenville, SC

Mary O. Morales
Lexington, SC

Patricia M. Stoner
Simpsonville, SC

May 26, 2011

Mr. R. Voight Shealy
Materials Management Officer
Division of Procurement Services
1201 Main Street, Suite 600
Columbia, SC 29201

Dear Voight:

As the John De La Howe School continues to transition staff associated with the purchasing processes within the agency, I am requesting a continuance of the Board's directive for the review and approval of agency purchases for an additional 90 day period as we work to acclimate new staff, train existing staff and evaluate progress. Additionally, I would ask that your audit staff, at each thirty-day interval during the extended period, perform a review of the agency's purchasing activity to confirm compliance with the Board's directive.

Our close work with your Division over the past months has had a positive impact on the overall efficiency of our purchasing processes and this additional review period would only serve to further enhance our ability to ensure compliance and accountability in this core area of agency operations.

Should you have questions or require additional information, please advise.

Sincerely,


Thomas W. Mayer
Superintendent

tmw:crs

cc: Shatika Spearman, Director of Budget & Finance

STATE BUDGET AND CONTROL BOARD
MEETING OF June 14, 2011

REGULAR SESSION
ITEM NUMBER 8

AGENCY: Budget and Control Board

SUBJECT: Future Meeting

The next regular meeting of the Budget and Control Board will be held at 10:00 a.m. on Tuesday, August 9, 2011, in Room 252, Edgar A. Brown Building.

Schedule of Remaining Meetings in 2011

September 20
November 1
December 13

BOARD ACTION REQUESTED:

Agree to meet at 10:00 a.m. on Tuesday, August 9, 2011, in Room 252, Edgar A. Brown Building.

ATTACHMENTS:

STATE BUDGET AND CONTROL BOARD

Meeting of June 14, 2011 -- 10:00 A. M.

Room 252, Edgar A. Brown Building

BLUE AGENDA INDEX

<u>Item</u>	<u>Agency</u>	<u>Subject</u>
1.	Division of General Services	Easement
2.	Division of General Services	Real Property Transactions
3.	Division of General Services	Department of Natural Resources Lease to the City of Cayce at Congaree Creek Heritage Preserve
4.	Division of Procurement Services	Procurement Audits and Certifications
5.	Office of Local Government	Grant Request
6.	Executive Director	Revenue Bonds

STATE BUDGET AND CONTROL BOARD
MEETING OF June 14, 2011

BLUE AGENDA
ITEM NUMBER /

AGENCY: Division of General Services

SUBJECT: Easement

The Division of General Services requests approval of the following easement in accordance with SC Code of Laws:

County Location:	Pickens
From:	Department of Natural Resources
To:	Clemson University Real Estate Foundation
Consideration:	\$10
Description/Purpose:	To grant of a right-of-way easement over land within the James Timmerman Natural Area at Jocassee Gorges for the purpose of providing ingress and egress to the Foundation's tract that is completely surrounded by lands of the Department of Natural Resources.

BOARD ACTION REQUESTED:

Approve the referenced easement.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Sections 1-11-80, 1-11-90, 1-11-100 and 10-1-130

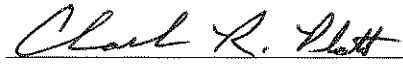
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Blue Agenda

1. Submitted by:

- (a) Agency: Division of General Services
- (b) Authorized Official Signature:



Charles R. Platt, Director

2. Subject:

EASEMENT

3. Summary Background Information:

The Division of General Services requests that the Board concur and acquiesce in granting the following easement in accordance with SC Code of Laws:

County Location:	Pickens
From:	Department of Natural Resources
To:	Clemson University Real Estate Foundation
Consideration:	\$10
Description/Purpose:	To grant of a right-of-way easement over land within the James Timmerman Natural Area at Jocassee Gorges for the purpose of providing ingress and egress to the Foundation's tract that is completely surrounded by lands of the Department of Natural Resources.

4. What is the Board asked to do? Approve the referenced easement.

5. What is recommendation of Board Division involved? Recommend approval of the referenced easement.

6. List of Supporting Documents:
SC Code of Laws Section 10-1-130

SECTION 10-1-130. State institutions and agencies may grant easements and rights of way on consent of Budget and Control Board.

The trustees or governing bodies of State institutions and agencies may grant easements and rights of way over any property under their control, upon the concurrence and acquiescence of the State Budget and Control Board, whenever it appears that such easements will not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any such amounts shall be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

AGENCY: Division of General Services

SUBJECT: Real Property Transactions

The Division of General Services recommends approval of the following property conveyances:

- (a) **Agency:** **Budget and Control Board (Adjutant General)**
Acreage: 0.32± acre
Location: 1645 Stonewall Jackson Boulevard, Orangeburg
County: Orangeburg
Purpose: To sell property at the southwest corner of the Orangeburg National Guard Armory property for the construction of a rail access off of the main line of Norfolk Southern's railway.
Price/Transferred To: \$950/Orangeburg County
Disposition of Proceeds: To be divided between Budget and Control Board and the Adjutant General's Office pursuant to Proviso 80A.35.
- (b) **Agency:** **Budget and Control Board (Deaf and Blind School)**
Acreage: 67± acres
Location: 1318 Goldmine Road, Spartanburg
County: Spartanburg
Purpose: To accept and dispose of surplus real property received by the SC School for the Deaf and Blind from the Estate of John McClure and the Life Estate of Evie Lou Feagin.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of Proceeds: To be divided between Budget and Control Board and the SC School for the Deaf and Blind pursuant to Proviso 80A.35.
- (c) **Agency:** **Department of Transportation**
Acreage: 2± acres
Location: SC Route 81, Mount Carmel
County: McCormick
Purpose: To dispose of surplus real property.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of Proceeds: To be retained by Department of Transportation.

AGENCY: Division of General Services

SUBJECT: Real Property Transactions

(d) **Agency:** Greenville Technical College
Acreage: 2.763± acres
Location: 2 Maydell Avenue, Greenville
County: Greenville
Purpose: To dispose of surplus real property.
Price/Transferred To: \$96,000/Quinn Satterfield, Inc.
Disposition of: To be retained by Greenville Technical College.
Proceeds:

BOARD ACTION REQUESTED:

Approve the property conveyances as requested.

ATTACHMENTS:

Agenda item worksheet and attachments

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Blue Agenda

1. Submitted by:

- (a) Agency: Division of General Services
(b) Authorized Official Signature:


Charles R. Platt, Director

2. Subject: REAL PROPERTY CONVEYANCES

3. Summary Background Information:

- (a) **Agency:** Budget and Control Board (Adjutant General)
Acreage: 0.32± acre
Location: 1645 Stonewall Jackson Boulevard, Orangeburg
County: Orangeburg
Purpose: To sell property at the southwest corner of the Orangeburg National Guard Armory property for the construction of a rail access off of the main line of Norfolk Southern's railway.
Price/Transferred To: \$950/Orangeburg County
Disposition of Proceeds: To be divided between Budget and Control Board and the Adjutant General's Office pursuant to Proviso 80A.35.
- (b) **Agency:** Budget and Control Board (Deaf & Blind School)
Acreage: 67± acres
Location: 1318 Goldmine Road, Spartanburg
County: Spartanburg
Purpose: To accept and dispose of surplus real property received by the SC School for the Deaf and Blind from the Estate of John McClure and the Life Estate of Evie Lou Feagin.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of Proceeds: To be divided between Budget and Control Board and the SC School for the Deaf and Blind pursuant to Proviso 80A.35.
- (c) **Agency:** Department of Transportation
Acreage: 2± acres
Location: SC Route 81, Mount Carmel
County: McCormick
Purpose: To dispose of surplus real property.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of Proceeds: To be retained by Department of Transportation.
- (d) **Agency:** Greenville Technical College
Acreage: 2.763± acres
Location: 2 Maydell Avenue, Greenville
County: Greenville
Purpose: To dispose of surplus real property.
Price/Transferred To: \$96,000/Quinn Satterfield, Inc.
Disposition of Proceeds: To be retained by Greenville Technical College.

4. What is Board asked to do? Approve the property conveyances as requested.

5. What is recommendation of Board Division involved? Recommend approval of the property conveyances as requested.

6. List of Supporting Documents:

1. SC Code of Laws Section 1-11-65
2. 2010-2011 Appropriations Act 291, Part 1B, Proviso 80A.35
3. (a) Budget and Control Board (Adjutant General) – Orangeburg County
(b) Budget and Control Board (School for Deaf & Blind) – Spartanburg County
(c) Department of Transportation – McCormick County
(d) Greenville Technical College – Greenville County

SECTION 1-11-65. Approval and recordation of real property transactions involving governmental bodies.

(A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution.

South Carolina General Assembly
118th Session, 2009-2010

H. 4657

General Appropriations Bill for fiscal year 2010-2011
As Ratified by the General Assembly

PART IB

OPERATION OF STATE GOVERNMENT

SECTION 80A - F03-BUDGET AND CONTROL BOARD

80A.35. (BCB: Sale of Surplus Real Property) Up to 50% of the proceeds, net of selling expenses, from the sale of surplus real properties shall be retained by the Budget and Control Board and used for the deferred maintenance of state-owned buildings. The remaining 50% of the net proceeds shall be returned to the agency that the property is owned by, under the control of, or assigned to and shall be used by that agency for non-recurring purposes. This provision applies to all state agencies and departments except: institutions of higher learning; the Public Service Authority; the Ports Authority; the MUSC Hospital Authority; the Myrtle Beach Air Force Redevelopment Authority; the Department of Transportation; the Columbia State Farmers Market; the Department of Agriculture's Columbia Metrology Lab building and property; the Charleston Naval Complex Redevelopment Authority; the Department of Commerce's Division of Public Railways; the Midlands Technical College Enterprise Campus Authority; the Trident Technical College Enterprise Campus Authority; the Commissioners residence at the Department of Corrections and the Educational Television Commission's Key Road property.

The Educational Television Commission shall be authorized to retain the net proceeds from the sale of its property on Key Road, and such proceeds shall only be used for the renovation of the ETV Telecommunications Center. If it is determined that sufficient net proceeds are not to be derived from the sale of its property on Key Road to cover the cost of all renovations of the Telecommunications Center, the property on Key Road shall not be sold. Any proposed sale hereunder shall, prior to said sale, be submitted to the Budget and Control Board for approval as being in compliance with the requirements of this subsection.

The Department of Corrections shall be authorized to retain the net proceeds from the sale of the residence provided for the Commissioner of the Department of Corrections and use such proceeds for deferred maintenance needs at the Department of Corrections.

The Forestry Commission shall be authorized to retain the net proceeds from the sale of surplus land for use in firefighting operations and replacement of firefighting equipment.

The Department of Natural Resources shall be authorized to retain the net proceeds from the sale of existing offices originally purchased with a federal grant or with restricted revenue from hunting and fishing license sales for the improvement, consolidation, and/or establishment of regional offices and related facilities.

The Department of Agriculture, the Educational Television Commission, the Department of Corrections, the Department of Natural Resources, and the Forestry Commission shall annually submit a report, within sixty days after the close of the fiscal year, to the Senate Finance Committee and the House Ways and Means Committee on the status of the sale of the identified property and a detailed accounting on the expenditure of funds resulting from such sale.

This provision is comprehensive and supersedes any conflicting provisions concerning disposition of state owned real property whether in permanent law, temporary law or by provision elsewhere in this act.

Any unused portion of these funds may be carried forward into succeeding fiscal years and used for the same purposes.

(a) Budget and Control Board (Adjutant General)
Orangeburg County

List of Supporting Documents:

1. Letter from Adjutant General's Office
2. Map

**The State of South Carolina
Military Department**



ROBERT E. LIVINGSTON
MAJOR GENERAL
THE ADJUTANT GENERAL

OFFICE OF THE ADJUTANT GENERAL
1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4752

May 20, 2011

Ms. Lisa H. Catalanotto
South Carolina Budget & Control Board
Division of General Services
Real Property Services
1200 Senate Street, Suite 460
Columbia, South Carolina 29201

Re: Orangeburg County Request to Purchase a .32 acre parcel from the State of South Carolina

Dear Ms. Catalanotto:

The Military Department of the State of South Carolina received a request from the Orangeburg County Development Commission to purchase a .32 acre parcel from the State of South Carolina to allow for the construction of a rail access off of the main line of Norfolk Southern. The sale of this .32 acre parcel to Orangeburg County will allow the County to obtain a \$10 million dollar capital investment and create a minimum of 100 jobs for Orangeburg County.

The Military Department has reviewed this request and does not foresee that the sale of the .32 acre parcel will interfere with any current or future operations at this site and declares this .32 acre parcel surplus to the needs of the Military Department of the State of South Carolina.

Request your support in obtaining Budget & Control Board approval of this action.

If you have any questions, feel free to contact the undersigned or MSG Robert M. Hicks at 803-806-4304/4150.

A handwritten signature in black ink, appearing to read "S. B. Owens".

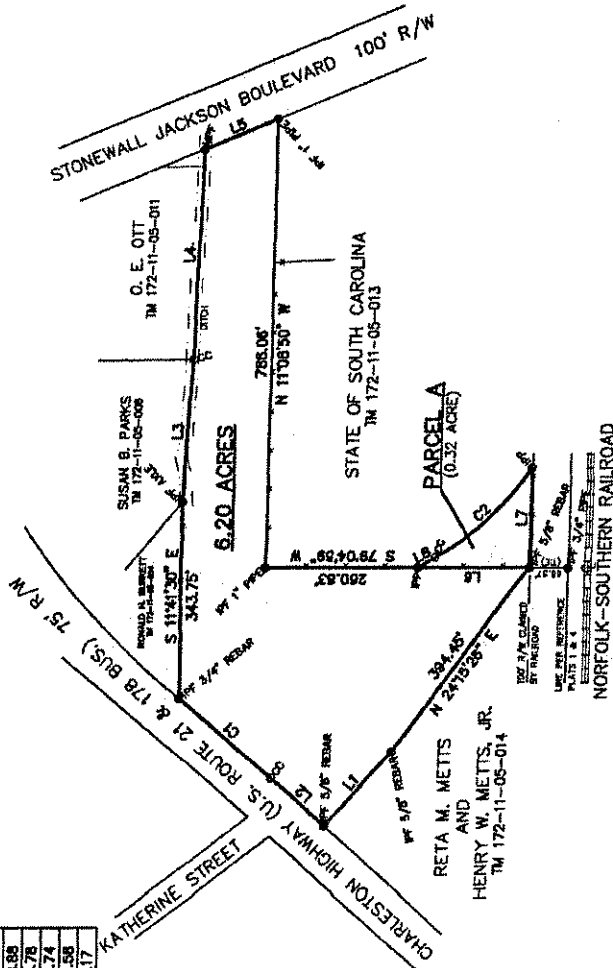
Stephen B. Owens
Colonel, Engineer
Construction & Facilities Management
Officer

EXHIBIT A



LINE	BEARING	DISTANCE
L1	N 30°35'08" E	169.23
L2	S 59°40'30" E	125.00
L3	S 08°30'55" E	249.48
L4	S 08°39'02" E	368.88
L5	S 65°53'38" W	135.78
L6	S 70°04'59" W	192.74
L7	N 11°07'23" W	178.98
L8	S 48°55'57" W	36.17

CURVE	CHORD	RADIUS	DELTA	ARC	CHORD BEARING
C1	214.14	11488.66	104°02'	214.14	S 80°34'58" E
C2	225.74	453.34	28°50'02"	228.14	S 34°30'58" W



REFERENCE:
 1. A PLAT FOR HENRY METTS BY EDISTO SURVEYORS, INC. DATED OCTOBER 20, 2003 RECORDED NOVEMBER 11, 2003.
 2. A PLAT FOR HENRY METTS BY EDISTO SURVEYORS, INC. DATED NOVEMBER 11, 2003.
 3. A PLAT FOR JONELLE B. CROOK & BRINE A. MOON BY M. F. BOOKER, JR. DATED AUGUST 22, 1963 RECORDED IN PLAT BOOK 53, PAGE 148.
 4. A PLAT FOR THE CITY OF ORANGEBURG APPROVED BY H. FRANK OTTOM, C.E. DATED APRIL 15, 1986.
 5. A PLAT FOR HENRY METTS BY EDISTO ENGINEERS & SURVEYORS, INC. DATED JUNE 20, 2007.
 6. A PLAT FOR HENRY METTS BY EDISTO ENGINEERS & SURVEYORS, INC. DATED JUNE 20, 2007.

LEGEND:
 FENCE
 IRON PIN PLACED (C/L) (RESIDUAL)
 IRON PIN FOUND
 METAL POST FOUND
 COMPUTED CORNER

GRAPHIC SCALE



(IN FEET)
 1 inch = 200 ft

NOTES:
 NO ABSTRACT OF TITLE NOR THE TITLE COMMITMENT OR RESULTS OF A TITLE SEARCH WERE FURNISHED TO THE CLIENT. THERE MAY EXIST OTHER DOCUMENTS OF RECORD THAT MAY AFFECT THIS SURVEYED PARCEL.
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 CERTIFICATION IS MADE TO THESE RECORDS FOR WHICH THIS PLAT WAS PREPARED AND IS NOT TRANSGUILL.
 ADJACENT OWNERS SHOWN AS LISTED PER WWW.EDISTOENGINEERS.COM/ASSESSOR.

TM 172-11-05-003 (2000)
 TM 191-02-05-005 (OLD)
 A PORTION OF
 TM 172-11-05-013 (2000)
 TM 191-02-05-016 (OLD)
 A
 PLAT
 OF

6.52 ACRES
 STATE OF SOUTH CAROLINA
 COUNTY OF ORANGEBURG
 ORANGE TOWNSHIP

PREPARED FOR
 ORANGEBURG COUNTY
 DEVELOPMENT COMMISSION

I HEREBY STATE THAT TO THE BEST OF MY PROFESSIONAL KNOWLEDGE, INFORMATION, AND BELIEF, THE SURVEY HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE SOUTH CAROLINA PRACTICE MANUAL FOR SURVEYING IN SUCH CASES AS THE SURVEYOR HAS DETERMINED THAT THE SURVEY IS FOR A CLASS OF SURVEY AS SPECIFIED THEREIN.

EDISTO ENGINEERS & SURVEYORS, INC.
 16556-1665 E
 P.O. BOX 1723 ORANGEBURG, SOUTH CAROLINA 29116
 J. J. JAMES, JR.
 S.C. REG. L.S. NO. 2484 S.C. REG. L.S. NO. 2484
 S.C. REG. L.S. NO. 2484 S.C. REG. L.S. NO. 2484

DATE: MARCH 11, 2011

(b) Budget and Control Board (Deaf & Blind School)
Spartanburg County

List of Supporting Documents:

1. Letter from SC School for the Deaf and Blind
2. Deed of Distribution
3. Map

SOUTH CAROLINA

SCHOOL FOR THE DEAF AND THE BLIND

Serving Individuals Who Are Deaf, Blind or Sensory Multidisabled

May 24, 2011

Charles R. Platt
Division of General Services
SC Budget and Control Board
1200 Senate Street, Suite 460
Columbia, South Carolina 29201

RE Donated Gold Mine Road Tract Acquisition, project number 9543

Dear Mr. Platt:

Request South Carolina Budget and Control Board approval to sell the donated gold mine road tract located at 1318 Goldmine Road.

Thank you for your consideration in this matter.

Sincerely,



Jon Castro
Chief Financial Officer

SCSDB Accreditations

South Carolina State Department of Education (SDE) • Conference of Educational Administrators of Schools and Programs for the Deaf (CEASD)
Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS CASI)
A Palmetto Gold School • A Red Carpet School

STATE OF SOUTH CAROLINA
COUNTY OF SPARTANBURG

PROBATE COURT

IN THE MATTER OF ESTATE OF JOHN MCCLURE

CASE NUMBER 2005-ES-42-00535

DEED OF DISTRIBUTION

WHEREAS, the decedent died on the 11th day of August, 2004; and
WHEREAS, the estate of the decedent is administered in the Probate Court
for Spartanburg, South Carolina in File # 2005-ES-42-00535; and

WHEREAS, the grantee herein is either a beneficiary or heir at law, as
appropriate, of the decedent;

WHEREAS, the undersigned Personal Representative is the duly appointed
and qualified fiduciary in this matter; and

NOW, THEREFORE, in accordance with the laws of the State of South
Carolina, the Personal Representative has granted, bargained, sold and released,
and by these Presents does grant, bargain, sell and release John McClure's right,
title and interest in the property described by the exhibit attached hereto:

Name: Evie Lou Feagin for life, and at her death to South Carolina School for the
Deaf and the Blind

the following described property:

See attached exhibit for description

TOGETHER with all and singular, the Rights, Members, Hereditaments and
Appurtenances to the said Premises/Property belonging, or in anywise incident or
appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises/Property unto
the said Evie Lou Feagin, for life, and at her death to South Carolina School for the
Deaf and the Blind, its successors and assigns forever.

IN WITNESS WHEREOF, the undersigned, as Personal Representative of the
estate of the decedent, has executed this Deed, this 11 day of August, 2005.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

ESTATE OF: JOHN MCCLURE

BY: Evie Lou Feagin
, Personal Representative

DEE-2005-42385

Recorded 5 Pages on 8/18/2005 8:20:52 AM

Recording Fee: \$11.00 Documentary Stamps: \$0.00

Office of Register of Deeds, Spartanburg, S.C.

Stephen Ford, Register



Witness:

Witness:

COUNTY OF CHARLESTON
STATE OF SOUTH CAROLINA

PERSONALLY appeared before me the above witness and made oath that he/she saw the within named Personal Representative(s) sign, seal, and as their act and deed, deliver the within written Deed, and that he/she with the other witness witnessed the execution thereof.

SWORN to before me this 4th
day of August, 2005

(SEAL)
NOTARY PUBLIC OF SOUTH CAROLINA
My Commission Expires: 4/16/08

Witness Signature:

BELOW, PLEASE SPECIFY THE EXACT NAME AND ADDRESS
OF THE PERSON(S) TO WHOM TAX BILL SHALL BE SENT:

NAME: EVIE LOU FEAGIN
ADDRESS: 8051 LONGSHADOW LANE
CITY: NORTH CHARLESTON
STATE: SOUTH CAROLINA
ZIP CODE: 29406

DEED83--TPG342

All of that certain lot, piece or parcel of land, situate, lying and being in Spartanburg County, South Carolina, containing approximately sixty-seven (67) acres, more or less, and being bound, either formerly or presently, by lands of Elbridge Willis, J. E. Wiswell, Dave Smith and others; this being the same tract deed by W. A. Linder to Fanny Linder on July 10, 1914, and recorded in Volume 5-L at page 82, in the R.M.C. for Spartanburg County, South Carolina, on August 17, 1914.

TMN: 3-21-00-040-00

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

AFFIDAVIT

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

1. I have read the information on this Affidavit and I understand such information.

2. The property being transferred by Estate OF John McClure unto Evie Lou Feagin, for life, and at her death to South Carolina School for the Deaf and the Blind dated August, ___, 2005.

3. Check one of the following: THE DEED IS

(a) ___ subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.

(b) _____ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.

(c) x EXEMPT from the deed recording fee because this is a deed of distribution.

4. CHECK ONE OF THE FOLLOWING IF EITHER ITEM 3(a) OR ITEM 3(b) ABOVE HAS BEEN CHECKED.

(a) ___ The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of \$.00

(b) The fee is computed on the fair market value of the realty which is \$ _____

(c) The fee is computed on the fair market value of the realty as established for property tax purposes which is \$ _____

5. CHECK YES ___ OR NO ___ to the following: A lien or encumbrances existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "YES", the amount of the outstanding balance of this lien or encumbrance is approximately \$ _____

6. THE DEED RECORDING FEE IS COMPUTED AS FOLLOWS:

(a) .00 the amount listed in Item 4

(b) .00 the amount listed in item 5 above

(c) .00 Subtract line 6(b) from Line 6(a) and place the result

7. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as the closing attorney.

8 Deed of Distribution - Attorneys Affidavit: Estate of John McClure

deceased CASE NUMBER 2005-ES-42-00535. Personally appeared before me the undersigned attorney who, being duly sworn, certified that (s)he is licensed to practice law in the State of South Carolina, that (s)he has prepared the Deed of Distribution for the Personal Representative in the Estate of John McClure, deceased and that the grantee(s) therein are correct and conform to the estate file for the above named decedent.

9 I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.



Grantor, Grantee, or Legal Representative
Connected with the Transaction.

SWORN to before me this



day of August, 2005

NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission expires 3/12/05

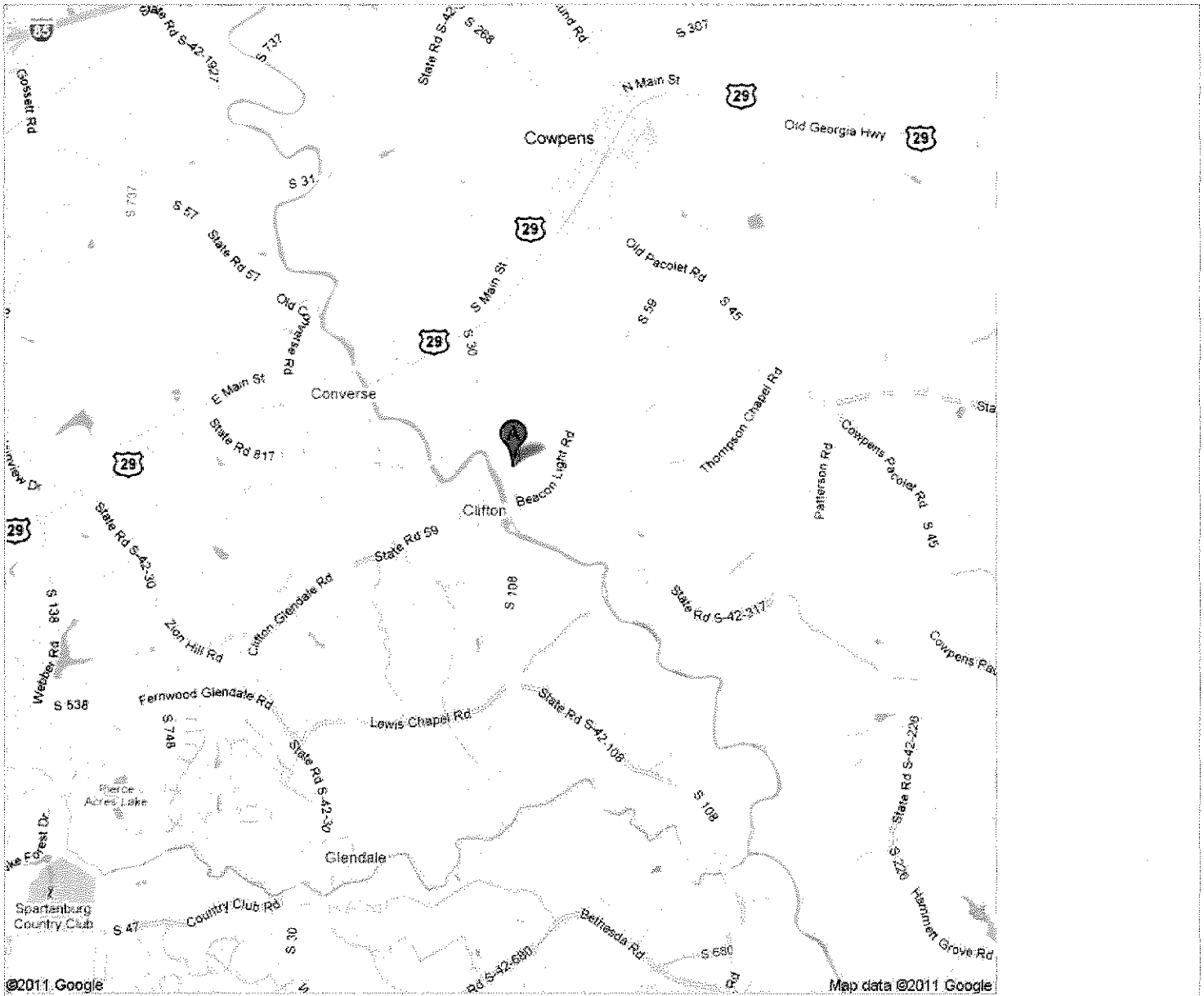
Google maps

Address 1318 Goldmine Rd
Spartanburg, SC 29307

Get Google Maps on your phone



Text the word "GMAPS" to 466453



Recent floods and tornadoes

Maps related to the recent tornadoes

Maps related to the Mississippi River floods

**(c) Department of Transportation
McCormick County**

List of Supporting Documents:

1. Letter from Department of Transportation
2. Map



Secretary of Transportation
South Carolina Department of Transportation
May 24, 2011

Mr. Charles R. Platt, Director
Division of General Services
SC Budget and Control Board
1200 Main Street, Suite 460
Columbia, South Carolina 29201

RE: 2-Acre Surplus Parcel known as Mount Carmel Section Shed, SC Route 81,
Mount Carmel, South Carolina, TMS # 024-06-02-022, MSC 160 & 161A in
McCormick County


Dear Mr. Platt:

As a result of the South Carolina Department of Transportation (SCDOT) consolidating its maintenance operations, a 2-acre parcel and section shed has been declared surplus. The property is located in McCormick County and SCDOT has received an appraisal on the property with a value of \$69,000. We are enclosing a copy of the appraisal with the request that you forward it through normal procedures for approval.

If the appraisal is acceptable, it is requested that this item be presented to the South Carolina Budget and Control Board at the next scheduled meeting for approval.

Please advise upon receiving word that all approvals have been obtained. It is our understanding that SCDOT, according to statute 57-5-340, should retain the proceeds from the sale.

Sincerely,


Robert J. St. Onge, Jr.
Secretary of Transportation

RJS:jds
Enclosure
File: PC/KCF



Secretary of Transportation
South Carolina Department of Transportation

April 19, 2011

Mr. Ed Dickson
South Carolina Budget and Control Board
1201 Main Street, Suite 410
Columbia, South Carolina 29201

RE: 2-Acre Surplus Parcel known as Mount Carmel Section Shed, SC Route 81,
Mount Carmel, South Carolina, TMS # 024-06-02-022, MSC 160 & 161A in
McCormick County

Dear Mr. Dickson:

As a result of the South Carolina Department of Transportation (SCDOT) consolidating its maintenance operations, a 2-acre parcel and section shed has been declared surplus. The property is located in McCormick County and SCDOT has received an appraisal on the property with a value of \$69,000. We are enclosing a copy of the appraisal with the request that you forward it through normal procedures for approval.

If the appraisal is acceptable, it is requested that this item be presented to the South Carolina Budget and Control Board at the next scheduled meeting for approval.

Please advise upon receiving word that all approvals have been obtained. It is our understanding that SCDOT, according to statute 57-5-340, should retain the proceeds from the sale.

Sincerely,

A handwritten signature in black ink, appearing to read 'RJS Onge', is written over the typed name.

Robert J. St. Onge, Jr.
Secretary of Transportation

RJS:jds
Enclosure
File: PC/KCF

SCDOT Mt. Carmel Section Shed
SC 81, Mount Carmel, SC



**(d) Greenville Technical College
Greenville County**

List of Supporting Documents:

1. Letter from Greenville Technical College
2. Maps



Keith Miller, Ph.D., President

March 29, 2011

M. Richbourg Roberson, Director
State Budget and Control Board
General Services Division
1201 Main Street, Suite 420
Columbia, SC 29201

Ref: Request to Sell Maydell Avenue Property

Dear Mr. Roberson:

Greenville Technical College requests permission to sell 2.763 acres of real estate located at 2 Maydell Avenue, in the City of Greenville. This property was part of the 1999 McAlister Square Mall real estate purchase. This small tract is located behind the McAlister Square Mall in a residential neighborhood and is of no practical use to the college now, nor can any practical use be determined when considering long range planning. The college has been approached by a private real estate developer who has offered to purchase the property to build single family homes. A real estate appraisal ordered by the college has determined that the fair market value of the 2.763 acres is \$96,000.

In consideration of current budget shortfalls, maintenance costs related to the property and personal liabilities associated with neighborhood residents trespassing and operating ATV's on the property, the college would like to immediately begin the process of declaring the property surplus and working with your staff to undertake the proper steps to sell the property. The Greenville County Commission on Technical Education discussed this matter and approved the sale on March 16, 2011. It is the intention of the college to use the funds generated from the sale to address deferred maintenance items.

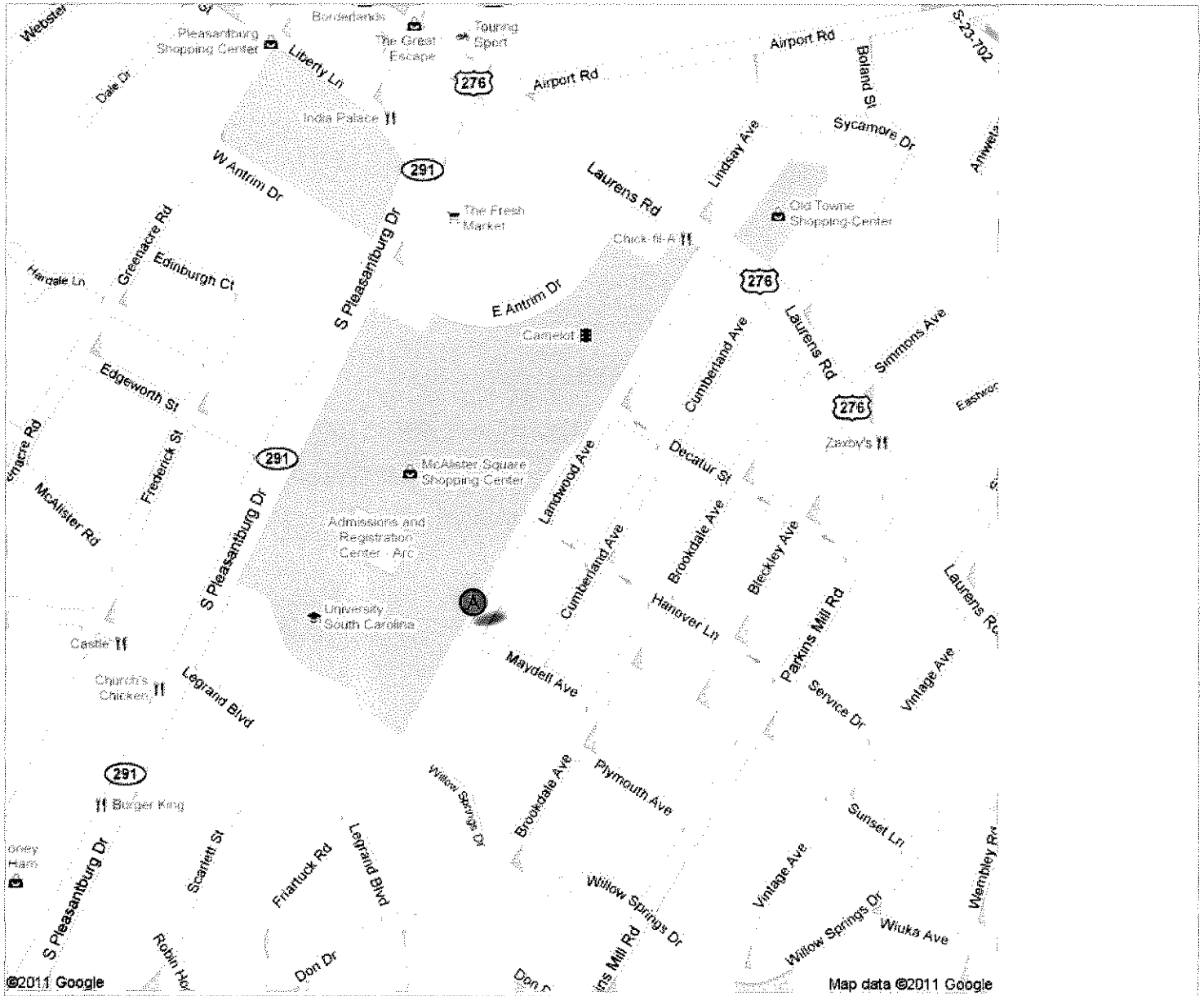
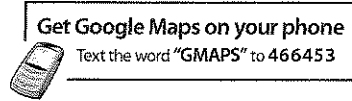
In consideration of this information, I respectfully request that this request to sell real estate be forwarded to the State Budget and Control Board for approval as soon as all of the preliminary steps can be completed. Your help in this matter is greatly appreciated.

Sincerely,

Dr. Keith Miller
President

Google maps

Address **2 Maydell Ave**
Greenville, SC 29607



- Recent floods and tornadoes
- Maps related to the recent tornadoes
- Maps related to the Mississippi River floods

STATE BUDGET AND CONTROL BOARD

BLUE AGENDA

MEETING OF June 14, 2011

ITEM NUMBER 3

AGENCY: Division of General Services

SUBJECT: Department of Natural Resources Lease to the City of Cayce at Congaree Creek Heritage Preserve

The Department of Natural Resources (DNR), requests approval to lease to the City of Cayce 1.0088 acres of land along the Congaree River within the Congaree Creek Heritage Preserve in Cayce. The Congaree Creek Heritage Preserve is a 627 acre tract dedicated as a heritage preserve in December 1998.

The City plans to use the leased area for the extension of the Cayce Riverwalk Park, and will construct an eight foot wide concrete walkway, and install light poles and security boxes on the leased area. One of DNR's goals in its management plan for the preserve is to encourage passive recreational use of land and water resources by the public and DNR believes that the extension of Riverwalk Park through the preserve is consistent with that goal. The archeological sites on the property will not be impacted as they are underground and not located near the proposed walkway.

The City has requested a 20 year lease term. As consideration for the lease, the City has committed to lease to DNR a 0.21 acre parcel it owns on US 321 adjacent to the preserve for development by DNR of and use by the public for a parking area and a canoe access point.

BOARD ACTION REQUESTED:

Approve the proposed 20 year lease to the City of Cayce of 1.0088 acres at the Congaree Creek Heritage Preserve in Cayce.

ATTACHMENTS:

Agenda item worksheet; Letter from the Department of Natural Resources dated May 2, 2011; Letter from the City of Cayce dated May 12, 2011; SC Code of Laws Sections 1-11-55 and 1-11-5


BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Blue Agenda

1. Submitted by:

- (a) Agency: Division of General Services
- (b) Authorized Official Signature:



Charles R. Platt, Director

2. Subject: Department of Natural Resources Lease to the City of Cayce at Congaree Creek Heritage Preserve

3. Summary Background Information:

The Department of Natural Resources (DNR), requests approval to lease to the City of Cayce 1.0088 acres of land along the Congaree River within the Congaree Creek Heritage Preserve in Cayce. The Congaree Creek Heritage Preserve is a 627 acre tract dedicated as a heritage preserve in December 1998.

The City plans to use the leased area for the extension of the Cayce Riverwalk Park, and will construct an eight foot wide concrete walkway, and install light poles and security boxes on the leased area. One of DNR's goals in its management plan for the preserve is to encourage passive recreational use of land and water resources by the public and DNR believes that the extension of Riverwalk Park through the preserve is consistent with that goal. The archeological sites on the property will not be impacted as they are underground and not located near the proposed walkway.

The City has requested a 20 year lease term. As consideration for the lease, the City has committed to lease to DNR a 0.21 acre parcel it owns on US 321 adjacent to the preserve for development by DNR of and use by the public for a parking area and a canoe access point.

4. What is the Board asked to do? Approve the proposed 20 year lease to the City of Cayce of 1.0088 acres at the Congaree Creek Heritage Preserve in Cayce.

5. What is the recommendation of the Division of General Services? Approval of the proposed 20 year lease to the City of Cayce of 1.0088 acres at the Congaree Creek Heritage Preserve in Cayce.

6. List of Supporting Documents:

- (a) Letter from the Department of Natural Resources dated May 2, 2011
- (b) Letter from the City of Cayce dated May 12, 2011
- (c) SC Code of Laws Sections 1-11-55 and 1-11-56

South Carolina Department of
Natural Resources



DNR

John E. Frampton
Director

Office of Chief Counsel
Buford S. Mabry, Jr.
Paul S. League
Robert J. Stephenson, IV

May 2, 2011

Lisa H. Catalanotto, Esquire
South Carolina
Budget and Control Board
Division of General Services
Real Property Services
1200 Senate Street, Suite 460
Columbia, South Carolina 29201

Re: Lease-Out; City of Cayce; Cayce Riverwalk

Dear Lisa:

On behalf of the Department of Natural Resources, I am formally requesting the approval of the Budget and Control Board to the above-referenced lease-out of property belonging to the department in the Congaree Creek Heritage Preserve in Lexington County to the City of Cayce for the extension of the Cayce Riverwalk.

One of the department's management goals for the preserve is to encourage passive recreational use of land and water resources by the public. The department believes that the extension of the riverwalk is consistent with that goal. In addition, the city has agreed to lease a city-owned parcel on US 321 adjacent to the preserve to the department on which a parking area and canoe access point will be developed, further enhancing recreational use of Congaree Creek by the public in accordance with the management plan.

Furthermore, neither the riverwalk extension, nor the canoe launch will have any negative impact on the archeological resources of the preserve. The construction will be at ground surface and will not impact significant archaeological resources.

Please let me know if you need any additional information.

Sincerely,

Robert J. Stephenson
Assistant Chief Counsel

cc: John Frampton, Director, SCDNR
Ken Prosser, SCDNR
Sean Taylor, SCDNR

Rembert C. Dennis Building • 1000 Assembly St. • P.O. Box 167 • Columbia, South Carolina 29202
(803) 734-4006 EQUAL OPPORTUNITY AGENCY (803) 734-3911 (fax)



CITY OF CAYCE

MAYOR
ELISE PAKTIN

MAYOR PRO-TEM
KENNETH D. JUMPER

COUNCIL MEMBERS
F. STEVEN ISOM
TIMOTHY M. JAMES
JAMES E. JENKINS

CITY MANAGER
REBECCA V. RHODES

ASSISTANT CITY MANAGER
TAMMY P. BARKLEY

May 12, 2011

Mr. Robert Stephenson, Esq.
SCDNR Assistant Chief Council
Post Office Box 167
Columbia, SC 29202

Re: Congaree Creek Canoe Launch

Dear Mr. Stephenson:

This letter should serve as confirmation of the City of Cayce's intent to lease the 0.21 acres of land on 321 and Congaree Creek to the South Carolina Department of Natural Resources in exchange for the lease of the 1.088 acres of land along the river on the Congaree Creek Heritage Preserve. The 0.21 acres should be used by SCDNR for the purpose of parking and a canoe launch. The 1.088 acres will be used for the continuation of the City's Riverwalk Park.

Please feel free to contact me if you have any further questions. We thank you in advance for your cooperation.

Kind Regards,

Rebecca V. Rhodes, AICP
City Manager

cc: Danny Crowe, Esq.
Sean Taylor, SCDNR & Heritage Trust Archaeologist
James Denny, Parks Manager
Tara Yates, Grants Specialist

SECTION 1-11-55. Leasing of real property for governmental bodies.

- (1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.
- (2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section.
- (3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.
- (4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.
- (5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

- (1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;
- (2) establishing standards for the quality and quantity of space to be leased by a requesting agency;
- (3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:
 - (a) a nonappropriation for the renting agency,
 - (b) a dissolution of the agency, and
 - (c) the availability of public space in substitution for private space being leased by the agency;
- (4) rejecting an agency's request for additional space or space at a specific location, or both;
- (5) directing agencies to be located in public space, when available, before private space can be leased;
- (6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and
- (7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.

AGENCY: Procurement Services Division

SUBJECT: Procurement Audits and Certifications

The Procurement Services Division, in accord with Section 11-35-1210, has audited the following agencies and recommends certification within the parameters described in the audit reports for the following limits (*Total potential purchase commitment whether single-or multi-year contracts are used):

Department of Natural Resources (for a period of three years): supplies and services, \$350,000* per commitment; consultants, \$350,000* per commitment; construction contract change order, \$25,000 per change order; architect/engineer contract amendment, \$5,000 per amendment.

The audit confirms the Procurement Office has the internal controls and expertise to ensure compliance with the applicable requirements for the certification. The Department requested to remain at its current certification levels.

Department of Parks, Recreation and Tourism (for a period of three years): supplies and services, \$100,000 per commitment; construction contract award, \$100,000 per commitment; construction contract change order, \$100,000 per change order; architect/engineer contract amendment, \$15,000 per amendment.

The audit confirms the Procurement Office has internal controls to ensure compliance with the applicable requirements for the certifications. Additionally, Parks, Recreation and Tourism hired a well-qualified and certified procurement officer.

BOARD ACTION REQUESTED:

In accord with Section 11-35-1210, grant procurement certification to the following agencies within the parameters described in the audit reports for the following limits (*Total potential purchase commitment whether single-or multi- year contracts are used):

Department of Natural Resources (for a period of three years): supplies and services, \$350,000* per commitment; consultants, \$350,000* per commitment; construction contract change order, \$25,000 per change order; architect/engineer contract amendment, \$5,000 per amendment.

The audit confirms the Procurement Office has the internal controls and expertise to ensure compliance with the applicable requirements for the certification. The Department requested to remain at its current certification levels.

AGENCY: Procurement Services Division

SUBJECT: Procurement Audits and Certifications

Department of Parks, Recreation and Tourism (for a period of three years): supplies and services, \$100,000 per commitment; construction contract award, \$100,000 per commitment; construction contract change order, \$100,000 per change order; architect/engineer contract amendment, \$15,000 per amendment.

The audit confirms the Procurement Office has internal controls to ensure compliance with the applicable requirements for the certifications. Additionally, Parks, Recreation and Tourism hired a well-qualified and certified procurement officer.

ATTACHMENTS:

Agenda item worksheets and attachments

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: June 14, 2011

Blue Agenda

1. Submitted by:

(a) Agency: Division of Procurement Services

(b) Authorized Official Signature:

R. Voight Shealy, Materials Management Officer

2. Subject: Procurement Certification for the South Carolina Department of Natural Resources

3. Summary Background Information:

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of the South Carolina Department of Natural Resources and recommends its certification within the parameters described in the audit report for the following limits for a period of three years.

	<u>Current Certification</u>	<u>Certification Recommended</u>
I. Supplies and Services	*\$350,000 Per Commitment	*\$350,000 Per Commitment
II. Consultants	*\$350,000 Per Commitment	*\$350,000 Per Commitment
III. Construction Contract Change Order	\$ 25,000 Per Change Order	\$ 25,000 Per Change Order
IV. Architect/Engineer Contract Amendment	\$ 5,000 Per Amendment	\$ 5,000 Per Amendment

*Total potential purchase commitment whether single year or multi-term contracts are used.

The audit confirms the Procurement Office has the internal controls and expertise to ensure compliance with the applicable requirements for the certifications. The Department requested to remain at its current certification levels.

4. What is Board asked to do?

Grant procurement certification for the South Carolina Department of Natural Resources by approval of the Blue Agenda.

5. What is recommendation of Board division involved? Approve.

6. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. List of supporting documents:

(a) Section 11-35-1210 of the Consolidated Procurement Code

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: June 14, 2011

Blue Agenda

1. Submitted by:

(a) Agency: Procurement Services Division

(b) Authorized Official Signature:

R. Voight Shealy, Materials Management Officer

2. Subject: Procurement Certification for the South Carolina Department of Parks, Recreation and Tourism

3. Summary Background Information:

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Procurement Services Division has reviewed the procurement system of the South Carolina Department of Parks, Recreation and Tourism and recommends its certification within the parameters described in the audit report for the following limits for a period of three years.

	<u>Current Certification</u>	<u>Certification Recommended</u>
I. Supplies and Services	\$ 50,000 Per Commitment	\$100,000 Per Commitment
II. Construction Contract Award	\$100,000 Per Commitment	\$100,000 Per Commitment
III. Construction Contract Change Order	\$100,000 Per Change Order	\$100,000 Per Change Order
II. Architect/Engineer Contract Amendment	\$ 15,000 Per Amendment	\$ 15,000 Per Amendment

The audit confirms the Procurement Office has the internal controls to ensure compliance with the applicable requirements for the certifications. Additionally, Parks, Recreation and Tourism hired a well qualified and certified procurement officer.

4. What is Board asked to do?

Grant procurement certification for the South Carolina Department of Parks, Recreation and Tourism by approval of the Blue Agenda.

5. What is recommendation of Board division involved? Approve.

6. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. List of supporting documents:

(a) Section 11-35-1210 of the Consolidated Procurement Code

STATE BUDGET AND CONTROL BOARD

BLUE AGENDA

MEETING OF June 14, 2011

ITEM NUMBER 5

AGENCY: Local Government

SUBJECT: Grant Request

The Office of Local Government advises of the following grant request:

<i>Grantee:</i>	Town of Honea Path
<i>Grant Request:</i>	\$95,500
<i>Purpose/Description:</i>	The project, known as the Shirmadon Street Sewer Replacement project, entails the open cut replacement and relocation of a defective run of existing gravity sewer line that runs congruent to Shirmadon Street for approximately 520 LF near Ervin Street. The existing 10-inch diameter sewer is in immediate need of repair and could collapse at any time causing an emergency service and environmental situation, particularly since the line serves a large portion of the Town.
<i>Project Impact:</i>	Completion of this project will prevent collapse of the existing line and will alleviate existing potential problems due to private property and accessibility issues.
<i>Cost of Project:</i>	\$95,500
<i>OLG Recommendation:</i>	\$95,500

BOARD ACTION REQUESTED:

Approve the following grant request as recommended by the Office of Local Government: Town of Honea Path, \$95,500.

ATTACHMENTS:

Agenda item worksheet and attachment


BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 14, 2011

Agenda: Blue

1. Submitted By:

(a) Agency: *B&C Bd. - Local Government*

(b) Authorized Official Signature: 

2. Subject:

Budget and Control Board Grant Program request by the Town of Honea Path for sewer line replacement (Grant Agreement No. 1853).

3. Summary and Background Information:

Grantee: *Town of Honea Path*

Grant Request: *\$95,500.00*

Purpose/Description: *The project, known as the Shirmadon Street Sewer Replacement project, entails the open cut replacement and relocation of a defective run of existing gravity sewer line that runs congruent to Shirmadon Street for approximately 520 LF near Ervin Street. The existing 10-inch diameter sewer is in immediate need of repair and could collapse at any time causing an emergency service and environmental situation, particularly since the line serves a large portion of the Town.*

Project Impact: *Completion of this project will prevent collapse of the existing line and will alleviate existing potential problems due to private property and accessibility issues.*

Cost of Project: *\$ 95,500.00*

OLG recommendation: *\$95,500.00*

4. What is Board asked to do?

Approve request in the amount of \$95,500.00.

5. What is recommendation of Board Division involved?

Approve request in the amount of \$95,500.00.

6. Recommendation of other Division/agency (as required)? *N/A*

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents

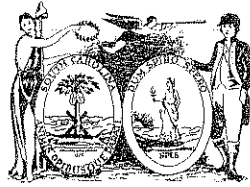
(a) List Those Attached:

Town of Honea Path Grant Agreement No. 1853

(b) List Those Not Attached But Available From Submitter:

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF LOCAL GOVERNMENT

CERTIFIED
No. 45



GRANT AGREEMENT

RECEIVED

MAY 09 2011

BUDGET & CONTROL BOARD OFFICE
OF LOCAL GOVERNMENT

This grant agreement is entered into this 2nd day of May, 2011, between the South Carolina State Budget and Control Board, through the Office of Local Government, an agency of the State of South Carolina (the "State") and The Town of Honea Path a Municipality of the State of South Carolina (the "Project Sponsor").

WHEREAS, the State is authorized to administer and manage certain State funds to be used for rural improvement, economic development and to improve the quality of life for the citizens of the State of South Carolina; and

WHEREAS, Project Sponsor may undertake projects and receive assistance in the financing of such projects by way of grants made from such State funds and to enter into grant agreements providing for the terms for using such grants and providing for the repayment of amounts received from the funds together with interest thereon in the event of violation of such terms by the Project Sponsor; and

WHEREAS, the Project Sponsor proposes to acquire and/or construct the goods and/or services for the project described in Appendix "A" hereto (the "Project");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE 1

Section 1.1. Definitions: Except to the extent modified or supplemented by this Agreement, any term used herein shall have the following meaning:

- 1.1.1 Agreement means this Grant Agreement, as described above and any amendments or supplements thereto.
- 1.1.2 Grant Funds means the monies and any loans secured by loan guarantees provided under this Agreement.
- 1.1.3 Project means the construction or manufacturing program or other activities, including the administration thereof, with respect to which Grant Funds are being provided under this Agreement as more particularly described on Appendix "A" attached hereto and made a part hereof.
- 1.1.4 Project Budget means the line-item budget for the use of all grant funds as set forth on Appendix "B" attached hereto and made a part hereof.
- 1.1.5 Project Sponsor means each entity designated as a recipient for grant or loan guarantee assistance in the Grant Award and signing the acceptance provision of the Grant Award.
- 1.1.6 State means the State Budget and Control Board, Office of Local Government ("OLG").

ARTICLE 2

GRANT CONDITIONS

Section 2.1. Grant made and accepted: In consideration of the mutual promises of this Agreement and upon and subject to its terms and conditions, the State agrees to make, and the Project Sponsor agrees to accept, the Grant herein provided for Sewer construction

Section 2.2 Purpose Limited to Project: The Project Sponsor shall use the proceeds of the grant only to pay the actual costs of the project described in the Project Budget. Except to the extent otherwise approved in writing by the State, only the costs shown in the Project Budget shall be allowed and only in the amounts provided for each category.

Section 2.3. Ineligible costs: Funds obligated or expended prior to the grant award or for activities which have not received prior approval from the State shall be considered ineligible costs and shall not be eligible for payment with Grant Funds.

Section 2.4. Budget Changes: Any changes in the grant budget affecting more than ten percent (10%) of any line-item must be approved in writing by the State; provided, however, that no increase for the General Administration line-item shall be allowed without prior approval of the State, regardless of the amount of percentage of increase.

Section 2.5. Grant Award and Letter of Credit: Project Sponsor whose applications for grants are approved by the State, will receive a grant award and letter of credit for the amount of the Project Budget as approved by the Office of Local Government. The Project Sponsor may receive the grant funds following approval of a draw request on the credit established by the Grant Award. Draw requests will be made on forms approved by the State and such requests are subject to approval by the State.

Section 2.6. Disbursements: The State may make and the Project Sponsor shall accept full or partial disbursements from the State only against incurred, actual, eligible costs up to the grant amount as provided in this Agreement. In those cases when the Project Sponsor has paid the incurred project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the fund to pay such costs, at the option of the State, shall be drawn to the Project Sponsor alone or jointly to the Project Sponsor and the vendor supplying the goods and services for the project. Such check will be mailed to the Project Sponsor. Requests for disbursement shall be made on forms of the State, unless the State otherwise directs, and shall be accompanied by such invoices and other proofs as the State may reasonably require.

Section 2.7. Time Limitation and Extension of Time: Grant funds received by the Project Sponsor must be spent as described in Section 2.2 of this Agreement within six (6) months of the date of approval by the State. All unspent grant funds at the end of the above six-month period shall be returned to the State within thirty (30) days of the expiration of the six-month period with interest at the rate of 0 % per annum added thereof. The State may grant an extension of time to the Project Sponsor for spending the grant funds if there are extreme hardship circumstances which prevent the Project Sponsor from complying with the time limitation. The Project Sponsor must, prior to the expiration of the six-month period, request, in writing, an extension of time detailing the hardship circumstances, indicating how the Project Sponsor intends to overcome the hardship and projection of when the funds would be spent. In any case, the extension will not exceed three (3) months. The State, in its sole discretion, may terminate its promise to grant all, or any portion of the Grant Funds which have not been advanced if:

- 2.7.1 the Project Sponsor has not entered into a contract with respect to acquisition of goods and services to begin the Project as described in Project Budget within six (6) months of the date hereof; or
- 2.7.2 a circumstance arises or becomes known which, in the State's sole discretion and opinion, (i) substantially impairs the ability of the Project Sponsor to complete the project, or (ii) substantially impairs the merit of the Project.

Section 2.8. Accounting for Project Transactions: The Project Sponsor must set up a separate bank account for each separate grant agreement and account for all grant fund transactions separately. The bank, the account and a Project Sponsor representative shall be designated by the Project Sponsor before it may request disbursements and such designations shall be subject to approval by the State. The bank account used for the grant funds by the Project Sponsor shall be an interest-bearing account.

Section 2.9. Program Income: The State may require as a condition of any funds distributed by the State under the provisions of this Agreement, that the Project Sponsor pay the State any such income as is earned from the Project during the six-month period following the execution of this Agreement. However, the State shall waive such condition to the extent such income is applied by the Project Sponsor to continue the activity from which such income was derived.

ARTICLE 3

Remedies

Section 3.1. Grant Repaid: If the Project Sponsor violates the terms of this Agreement, or any applicable law or regulations, the State may, by notice in writing to the Project Sponsor, demand the principal portion of the Grant Funds which have been disbursed to the Project Sponsor immediately due and payable to the State, together with interest calculated on it at the rate of _____% per annum. Interest above shall continue to accrue and compound until the date of payment.

Section 3.2. Collection Costs and Fees: In the event of a violation of this Agreement, the State may collect Grant Funds paid plus interest as described in Section 3.1. Costs and fees associated with the collection, including attorney's fees, are also to be collected from the Project Sponsor. The Project Sponsor agrees to pay the State all such costs and fees, including attorney's fees, incurred in collecting the grant funds and interest.

Section 3.3. Additional Remedy: Upon any failure of the Project Sponsor to make any payment to the State in accordance with the provisions of this Agreement, the State, without further action, may request and, the Project Sponsor by acceptance of the grant herein, hereby specifically authorizes the State Treasurer and Comptroller General of the State to pay the State the amount of state aid to which the Project Sponsor may become entitled to until all delinquent payments described in Sections 3.1 and 3.2 have been paid.

ARTICLE 4

General

Section 4.1. Reporting Requirements: The Project Sponsor agrees to complete and submit all reports, in such form and according to such schedule, as may be required by the State.

Section 4.2. Audit: The Project Sponsor agrees to have conducted an independent audit of grant funds and submit all audit findings to the Board upon completion of project.

Section 4.3. Maintenance of Records: Records and accounts for Grant Fund transactions must be maintained using generally-accepted accounting principals. Detailed records and source documents must be maintained in a neat, easily accessible manner. Records for all grant funds must be retained for five (5) years after receipt of the final disbursement by the Project Sponsor. However, if any litigation, claim, or audit is started before the expiration of the five-year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved.

Section 4.4. Access: All records with respect to all matters covered by this Agreement shall be made available for random audit and inspection by the State.

Section 4.5. Ownership: Title to property acquired in whole or in part with grant funds shall be vested in the Project Sponsor, subject to divestment by State, where its use for project or other approved activities is discontinued. Project Sponsor should exercise caution in the use, maintenance, protection, and preservation of such property during the period of project use. The Project Sponsor must file with the State a property inventory statement (in a form acceptable to the State) within thirty (30) days of receipt of the final disbursement by the Project Sponsor and must agree to be subject to audit by State or its duly authorized representatives for verification of the information contained in the property inventory form.

Section 4.6. Applicable Law: This Agreement is made under and shall be construed in accordance with the laws of the State of South Carolina. By accepting this grant, the Project Sponsor also agrees to submit to the jurisdiction of the courts of the State of South Carolina for all matters arising or to be arise hereunder, including but not limited to, performance of said grant and the payment of licenses and taxes of whatever kind of nature applicable hereto.

Section 4.7. Amendments: Any changes to this grant award affecting the scope of work of the project must be approved, in writing, by the State and shall be incorporated in written amendment(s) to this Agreement.

IN WITNESS WHEREOF, The Project Sponsor and the State have caused these presents to be signed, sealed and delivered all as of the date hereon.

(SEAL)

(Project Sponsor)

By Earl Lollis Meyers

Print Name Earl Lollis Meyers

Its Mayor, 204 South Main Street
Honea Path

Attest:

Brenda A. Cunningham NOTARY EXPIRED 11-24-2013

Its _____

South Carolina State Budget and Control Board

By _____

I hereby attest to have reviewed this Grant Agreement for the herein named project.

W. H. O'Dell (Senator)

W. H. O'Dell (Print Name)

Michael W. Gambrell (House Member)

Michael W. Gambrell (Print Name)

APPENDIX "A"

PROJECT SPONSOR: Town of Honea Path

GRANT NUMBER: 1853

SCOPE OF WORK

	<u>Description</u>	<u>Budget</u>	<u>Grant Funds Requested</u>
1.	<u>Install 520LF of 10 inch line</u>	<u>\$95,500</u>	<u>\$95,500</u>
2.	<u></u>	<u></u>	<u></u>
3.	<u></u>	<u></u>	<u></u>
4.	<u></u>	<u></u>	<u></u>
5.	<u></u>	<u></u>	<u></u>
6.	<u></u>	<u></u>	<u></u>
7.	<u></u>	<u></u>	<u></u>
8.	<u></u>	<u></u>	<u></u>
9.	<u></u>	<u></u>	<u></u>
10.	<u></u>	<u></u>	<u></u>
11.	<u></u>	<u></u>	<u></u>
12.	<u></u>	<u></u>	<u></u>
13.	<u></u>	<u></u>	<u></u>
14.	<u></u>	<u></u>	<u></u>
15.	<u></u>	<u></u>	<u></u>
16.	<u></u>	<u></u>	<u></u>
17.	<u></u>	<u></u>	<u></u>
18.	<u></u>	<u></u>	<u></u>
19.	<u></u>	<u></u>	<u></u>
20.	<u></u>	<u></u>	<u></u>

APPENDIX "B"

The Project shall consist of the following:

We have evaluated a defective run of existing gravity sewerline that runs congruent to Shirmadon Street for approximately 520 LF near Ervin Street. In our evaluation, this 10 inch diameter sewer is in immediate need of repair and may well collapse at anytime causing an emergency service and environmental situation, especially since this line serves a large portion of the Town.

Source of Funding of Project:

Federal Funds	00
State Funds	\$95,500
Local Funds	00
Other Funds	00
Budget and Control Board Funds	
Total Project Funds	\$95,500

OPEN CUT RELOCATION**1 Open Cut Gravity Sewer Related Items**

1. 10" DIP CL-360 Cement Lined

a. 0' - 8' Cut

L.F. 525 \$45.00 \$23,625.00

2. Sanitary Sewer Manholes (4' Dia.)-H20 Lids-Including Tie ins of Existing Lines to New MH's

a. 0' - 8' Depth

Each 4 \$1,600.00 \$6,400.00

2 Lateral Connections

- a. 10"x6" Wye on New Sewer or Within Point Repair regardless of depth (Cement Lined)

EA 8 \$400.00 \$2,000.00

3 Lateral Installation / Cleanouts

A. Open Cut - Within open cut or point repair areas from Saddles or Wyes

1. 6" Dia. PVC SDR-35 Lateral

L.F. 125 \$20.00 \$2,500.00

B. Cleanouts

(Incl. 6"x8" wye and PVC-SDR 36 Riser and CI cover, bedding, restoration)

1. Off of 4" Lateral with 4" Riser

EA 5 \$660.00 \$3,250.00

4 Abandonment of Existing Manholes and Sewers with Flowable Fill - In Place

(Incl. Lines and MH's regardless of size, and laterals, removing top 3' of MH's etc.)

LF 520 \$15.00 \$7,800.00

5 Roadway Related Repair Work-Includes sawcutting of all lines, removal/disposal, brush & Tack coats as required.**A. Asphalt Related**

1. Pavement Patching with compact Subgrade

Incl. 8" Flowable Fill, Tack & 2" Asphalt in SCDOT Rd.

SY 185 \$50.00 \$9,250.00

2. Asphaltic Overlay Incl. Brushing & Tack Coats

a. 2" Compact Thickness Type- 3 (220#/SY)

SY 1,155 \$11.00 \$12,705.00

B. Concrete Related-Match Existing Size and Thickness

1. 6" Concrete S.W. - 3,500 PSI Min. Incl. all work & materials to match SCDOT Specs. Allowance

SY 50 \$55.00 \$2,750.00

SUBTOTAL CONSTRUCTION ESTIMATE-OPEN CUT OPTION

\$70,280.00

CONSTRUCTION CONTINGENCY-10%

\$7,170.00

TOTAL ESTIMATED CONSTRUCTION COST

\$77,450.00

TOPOGRAPHIC SURVEY

\$1,750.00

ENGINEERING DESIGN

\$9,500.00

ENGINEERING INSPECTION

\$8,800.00

TOTAL ESTIMATED PROJECT COST-OPEN CUT

\$95,500.00

STATE BUDGET AND CONTROL BOARD
MEETING OF June 14, 2011

BLUE AGENDA
ITEM NUMBER 6

AGENCY: Executive Director

SUBJECT: Revenue Bonds

The required review on the following proposal to issue revenue bonds has been completed with satisfactory results. The project requires approval under State law.

Issuing Authority:	Jobs-Economic Development Authority
Amount of Issue:	Not Exceeding \$30,500,000 Solid Waste Disposal Facility Revenue Bonds
Allocation Needed:	-0-
Name of Project:	Tire International Environmental Solutions, Inc.
Employment Impact:	approximately 105 new, full-time jobs
Project Description:	establishing a solid waste disposal facility in Berkeley County
<i>Note:</i>	<i>public sale or privately placed</i>
Bond Counsel:	Ray E. Jones, Parker Poe Adams & Bernstein LLP

BOARD ACTION REQUESTED:

Adopt a resolution approving the referenced proposal to issue revenue bonds.

ATTACHMENTS:

Resolutions; Code Section 1-11-500 et seq.

ARTICLE 3.

ALLOCATION OF STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

SECTION 1-11-500. Calculation and certification of state ceiling.

The state ceiling on the issuance of private activity bonds as defined in Section 146 of the Internal Revenue Code of 1986 (the Code) established in the act must be certified annually by the Budget and Control Board secretary based upon the provisions of the act. The board secretary shall make this certification as soon as practicable after the estimates of the population of the State of South Carolina to be used in the calculation are published by the United States Bureau of the Census but in no event later than February first of each calendar year.

SECTION 1-11-510. Allocation of bond limit amounts.

- (A) The private activity bond limit for all issuing authorities must be allocated by the board in response to authorized requests as described in Section 1-11-530 by the issuing authorities.
- (B) The aggregate private activity bond limit amount for all South Carolina issuing authorities is allocated initially to the State for further allocation within the limits prescribed herein.
- (C) Except as is provided in Section 1-11-540, all allocations must be made by the board on a first-come, first-served basis, to be determined by the date and time sequence in which complete authorized requests are received by the board secretary.

SECTION 1-11-520. Private activity bond limits and pools.

- (A) The private activity bond limit for all state government issuing authorities now or hereafter authorized to issue private activity bonds as defined in the act, to be known as the "state government pool", is forty percent of the state ceiling less any amount shifted to the local pool as described in subsection (B) of this section or plus any amount shifted from that pool.
- (B) The private activity bond limit for all issuing authorities other than state government agencies, to be known as the "local pool", is sixty percent of the state ceiling plus any amount shifted from the state government pool or less any amount shifted to that pool.
- (C) The board, with review and comment by the Joint Bond Review Committee, may shift unallocated amounts from one pool to the other at any time.

SECTION 1-11-530. Authorized requests for allocation of bond limit amounts.

- (A) For private activity bonds proposed for issue by other than state government issuing authorities, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a copy of the Inducement Contract, Inducement Resolution, or other comparable preliminary approval entered into or adopted by the issuing authority, if any, relating to the bonds. The board shall forward promptly to the committee a copy of each petition received.
- (B) For private activity bonds proposed for issue by any state government issuing authority, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a bond resolution or comparable action by the issuing authority authorizing the issuance of the bonds. The board shall forward promptly to the committee a copy of each petition received.
- (C) Each authorized request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project.

SECTION 1-11-540. Limitations on allocations.

(A) The board, with review and comment by the committee, may disapprove, reduce, or defer any authorized request. If it becomes necessary to exercise this authority, the board and the committee shall take into account the public interest in promoting economic growth and job creation.

(B) Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted.

SECTION 1-11-550. Certificates by issuing authority and by board.

(A) An allocation of the state ceiling approved by the board is made formal initially by a certificate which allocates tentatively a specific amount of the state ceiling to the bonds for which the allocation is requested. This tentative allocation certificate must specify the state ceiling amount allocated, the issuing authority and the project involved, and the time period during which the tentative allocation is valid. This certificate must remind the issuing authority that the tentative allocation is made final after the issuing authority chairman or other duly authorized official or agent of the issuing authority, before the issue is made, certifies the issue amount and the projected date of issue, as is required by subsection (B) of this section. It also may include other information considered relevant by the board secretary.

(B) The chairman or other authorized official or agent of an issuing authority issuing any private activity bond for which a portion of the state ceiling has been allocated tentatively shall execute and deliver to the board secretary an issue amount certificate setting forth the exact amount of bonds to be issued and the projected bond issue date which date must not be more than ten business days after the date of the issue amount certificate and it must be before the state ceiling allocation involved expires. The issue amount certificate may be an executed copy of the appropriate completed Internal Revenue Service form to be submitted to the Internal Revenue Service on the issue or it may be in the form of a letter which certifies the exact amount of bonds to be issued and the projected date of the issue.

(C) In response to the issuing authority's issue amount certificate required by subsection (B) of this section, the board secretary is authorized to issue and, as may be necessary, to revise a certificate making final the ceiling allocation approved previously by the board on a tentative basis, if the secretary determines that:

- (1) the issuing authority's issue amount certificate specifies an amount not in excess of the approved tentative ceiling allocation amount;
- (2) the issue amount certificate was received prior to the issue date projected and that the certificate is dated not more than ten days prior to the issue date projected;
- (3) the issue date projected is within the time period approved previously for the tentative ceiling allocation; and
- (4) the bonds when issued and combined with the total amount of bonds requiring a ceiling allocation included in issue amount certificates submitted previously to the board by issuing authorities do not exceed the state ceiling for the calendar year. Except under extraordinary circumstances, the board secretary shall issue this certificate within two business days following the date the issue amount certificate is received.

(D) In accordance with Section 149(e)(2)(F) of the Code, the secretary of the Budget and Control Board is designated as the state official responsible for certifying, if applicable, that certain bonds meet the requirements of Section 146 of the Code relating to the volume cap on private activity bonds.

(E) Any tentative or final state ceiling allocation granted by the board before the effective date of this act remains valid as an allocation of a portion of the volume cap for South Carolina provided under Section 146 of the Code. The allocations expire in accordance with the regulations under which they were granted or extended and their validity may be extended or reinstated in accordance with the provisions of Sections 1-11-500 through 1-11-570.

SECTION 1-11-560. Time limits on allocations.

(A) Any state ceiling allocation approved by the board is valid only for the calendar year in which it is approved, unless eligible and approved for carry-forward election or unless specified differently in the board certificates required by Section 1-11-550.

(B) Unless eligible and approved for carry-forward election or unless specified differently in board certificates required by Section 1-11-550, each state ceiling allocation expires automatically if the bonds for which the allocation is made are not issued within ninety consecutive calendar days from the date the allocation is approved by the board.

(C) In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the board, acting during the period an approved allocation is valid, may extend the period in which an allocation is valid in a single calendar year by thirty-one consecutive calendar days to a total of not more than one hundred twenty-one consecutive calendar days.

(D) In response to a written request by the chairman or other authorized official or agent of an issuing authority, the board may reinstate for a period of not more than thirty-one consecutive calendar days in any one calendar year part or all of an allocation approved but not extended previously in accordance with subsection (C) of this section in that same calendar year which has expired. The reinstatement request must certify that the authorized request submitted previously is still true and correct or a new authorized request must be submitted.

(E) A tentative ceiling allocation is canceled automatically if the chairman or other authorized official or agent of the issuing authority involved fails to deliver the issue amount certificate required by Section 1-11-550 to the board secretary before the bonds for which the allocation is made are issued.

(F) The chairman or other authorized official or agent of an issuing authority shall advise the board secretary in writing as soon as is practicable after a decision is made not to issue bonds for which a portion of the state ceiling has been allocated. All notices of relinquishment of ceiling allocations must be entered promptly in the board's records by the board secretary.

(G) Ceiling allocations which are eligible and approved for carry-forward election are not subject to the validity limits of this section. The board shall join with the issuing authorities involved in carry-forward election statements to meet the requirements of the Internal Revenue Service.

SECTION 1-11-570. Budget and Control Board to adopt policies and procedures.

The Budget and Control Board, after review and comment by the committee, may adopt the policies and procedures it considers necessary for the equitable and effective administration of Sections 1-11-500 through 1-11-570.

SECTION 1-11-580. Budget and Control Board to make quarterly payments on certain insurance contracts.

The Budget and Control Board shall make quarterly payments on insurance contracts where the annual premium exceeds fifty thousand dollars. The board shall undertake necessary negotiations to implement this requirement. Where fees may be incurred for quarterly rather than annual payments, the Budget and Control Board shall determine whether the investment income opportunity is greater or less than proposed fees and shall make the decision which best benefits South Carolina.

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PUBLIC OR PRIVATE SALE OF NOT EXCEEDING \$30,500,000 AGGREGATE PRINCIPAL AMOUNT SOLID WASTE DISPOSAL FACILITY REVENUE BONDS (TIRE INTERNATIONAL ENVIRONMENTAL SOLUTIONS, INC.) IN ONE OR MORE SERIES OF BONDS, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "*Authority*") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the "*Act*"), requested approval by the State Budget and Control Board of the State of South Carolina of the issuance by the Authority pursuant to the Act of its solid waste disposal facility revenue bonds in the aggregate principal amount of not exceeding \$30,500,000 (together, the "*Bonds*") through public or private sale, as the Authority may determine to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board of the State of South Carolina that the Bonds will be sold at public sale or privately placed in a manner acceptable to the Authority.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina (the "*Board*"), as follows:

Section 1. It is hereby found, determined and declared by the Board that: the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the bonds through public or private sale be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.